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TAXI INDUSTRY IN THE NATION'S CAPITAL

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT OPERATIONS
AND METROPOLITAN AFFAIRS

OF THE

COMMITTEE ON
THE DISTRICT OF COLUMBIA
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

ON

QUALITY AND RELIABILITY OF TAXI SERVICE IN THE WASHINGTON METROPOLITAN AREA

JANUARY 29, 1986

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SUMMARY OF FINDINGS

The subcommittee conducted this hearing on the quality of taxi service in the Nation's Capital because of the numerous complaints of residents, visitors, and taxi drivers. Taxi service in the District of Columbia continues to deteriorate at an alarming rate. I believe the hearing was necessary, given the repeated reports of overcharging, refusal to transport, dilapidated condition of cabs, communication problems with drivers, and public safety considerations.

The Nation's Capital should provide visitors, visiting dignitaries, and our metropolitan area residents with the highest caliber of transportation system possible. Taxicabs are an integral part of that system.

The House Committee on the District of Columbia has a long history of concern and intervention with some aspects of the taxi problem and service. There were comprehensive oversight hearings and recommendations in 1957 on this issue and a comprehensive study and report in 1976. Today we face the problems anew.

During this hearing we heard testimony from local government officials, a taxicab association, taxicab fleet operators, and drivers. All concurred that the restriction in the annual District of Columbia appropriation bill which prohibited the installation of meters in District of Columbia taxicabs contributed to the problems in service, especially driver's refusal to make certain trips and their ability to make a higher income by staying in particular areas.

At the hearing Representative Stan Parris and I promised to do what we could to get the meter prohibition removed from the House Appropriations Subcommittee bill. We then set out about the task of finding out what this entailed.

Sure enough, we ran head on into the old myth: "You won't be able to lift the restriction," we were told by everyone, "Congress wants the zone system left as it is."

Then we discussed the issue with members of the House Appropriations Subcommittee on the District of Columbia, to our surprise, our colleagues told us that the subcommittee's position on the meter restriction was based on protests from private individuals and groups who wanted the zone system left intact, not on pressure from other members.

We told the appropriations subcommittee members about our testimony. We also discussed District of Columbia Council member, Betty Ann Kane's legislation—passed by the District of Columbia Council—to establish a commission to study the industry here, as well as Mayor Marion Barry's support for removal of the rider. Everyone agreed that the District should be given the opportunity to review its options.

The rest is history. In July, Congress passed the House Appropriations Subcommittee on the District of Columbia bill without a rider prohibiting meters, and a longstanding Washington myth was exploded.

Some would argue that meters in taxicabs will not solve the problems facing the industry. At least now we will have an opportunity to find out.

The subcommittee was particularly encouraged by the testimony provided on the merits of the District of Columbia Taxicab Commission Act of 1985, a measure introduced by District of Columbia Council member, Betty Ann Kane, that the council enacted to reorganize and improve the system of taxi regulatory control.

Several witnesses testified that enforcement of the regulations and an increase in the number of hack inspectors was critical to the city's ability to improve taxi service. These reforms have been stressed in the council's act. The Mayor's administrator of the District of Columbia Transportation Systems Administration testified that the District government acknowledges the importance of improving the procedures for inspecting taxicabs and are aware of the significance of a healthy taxicab industry.

We are hopeful that these changes will result in the safe, efficient, and reliable taxi service that the Nation's Capital deserves.

MICHAEL D. BARNES, *Chairman,*
Subcommittee on Government Operations and Metropolitan Affairs.

QUALITY OF TAXI SERVICE IN THE NATION'S CAPITAL

WEDNESDAY, JANUARY 29, 1986

House of Representatives,
Subcommittee on Government Operations
and Metropolitan Affairs,
Committee on the District of Columbia,
Washington, DC.

The subcommittee met, pursuant to call, at 9:30 a.m., in room 1310, Longworth House Office Building, Hon. Michael D. Barnes (chairman of the subcommittee) presiding.

Members present: Representatives Barnes and Parris.

Also present: Edward C. Sylvester, Jr., staff director; Sandra Fiske, staff counsel; Hugh B. Calkin, staff assistant; Dietra L. Ford, senior staff assistant; and Donn G. Davis, senior legislative associate; John Gnorski, minority staff director; Stephanie A. White, minority counsel; and Mark Robertson, minority staff assistant.

Mr. **Barnes**. Ladies and gentlemen, the Subcommittee on Government Operations and Metropolitan Affairs will come to order.

Serious questions have been raised by metro area residents, visitors, taxi drivers, and the media about the quality and reliability of taxi service in the Washington metropolitan area. The taxi industry in the Nation's Capital serves not only metro area residents, but a panoply of visitors and visiting dignitaries. All are entitled to the highest caliber transportation system this country can provide. Taxicabs are an integral part of that system.

Complaints about taxi service in the District and at National Airport have run the gamut—overcharging, indirect routing, refusal to transport, improper driver conduct, the inability of the drivers to speak English, driver unfamiliarity with the District, and the seedy condition of the cabs—are among the most frequent complaints by the riding public.

Allegations of bribery and misconduct at D.C. inspection stations recently aired by the local media have focused increased public scrutiny on the industry. The problems at the inspection stations, however, are symptomatic of a wide range of problems affecting the industry as a whole. The D.C. Metropolitan Police Department is conducting an investigation of the allegations and I intend to request a complete report from the Mayor of the actions that will be taken after the investigation is completed.

Given the unique nature of taxi service in the Nation's Capital, the District of Columbia Committee has had a longstanding interest in the service that is provided. Over the years the committee has conducted hearings and issued reports on problems requiring attention. In researching taxicab practices and regulation for this hearing, committee staff found that almost all individuals they talked to were in agreement that better regulation of the taxi system was sorely needed and long overdue.

The city has taken steps recently to address some of the problems. The District of Columbia Taxicab Commission Establishment Act of 1985, introduced and shepherded through the D.C. City Council by council member, Betty Ann Kane, seeks to centralize regulatory authority of the industry in a single commission. We think this is a step in the right direction.

Many critical issues, however, remain unresolved. Whether or not to impose stricter standards for taxicab drivers, whether or not to restrict the number of cabs in the city and whether or not to require meters instead of the current zone system in setting fares, are all issues that must be quickly addressed. In an effort to expedite, assist, and add depth to the reform effort currently underway, we are holding hearings today to define more clearly the scope of the problem and to air suggestions for long-range solutions. I appreciate the efforts of the witnesses who are appearing before us this morning and I look forward to their testimony, and I must say I am particularly pleased to be working closely on this issue with my distinguished colleague from northern Virginia, Mr. Parris.

We have had conversations about this problem and I know that we both share a concern about the level of service. To those who ask why the Congress is holding oversight hearings on what appears to be an issue that is local in nature, I would have two responses:

First, I was born in Washington, and I grew up in Montgomery County. I have heard all of my life that it is the Congress' fault that the taxicab system in the District of Columbia is so rotten that they have refused to allow meters and have retained the zone system for their own purposes.

I don't know if there are any truths to that. Maybe there was at some point, if Congress has created the problems, then we have a responsibility to straighten them out.

Second, National and Dulles Airport, are federally controlled facilities, and the service out of those airports is an absolute disgrace. Visitors come from all over the world, and their first introduction to America is frequently a cab ride from National Airport. I don't believe it is a very pleasant introduction to our Nation, and the Congress, it seems to me, has a responsibility, if nobody else is going to do it, to try to deal with this issue.

I don't know whether the answer is meters. Part of the solution may be just tighter regulation of taxis. Part of it may be tougher restrictions with respect to who can drive a taxicab, what kind of test they have to pass, and better inspections of the vehicles so we don't have these rolling disasters that you see all over the city.

I hope this hearing will help us find the answers and that the Congress—working in a cooperative spirit with the Mayor and the Mayor's team and with the city council and others who are concerned about issues—can straighten out what has clearly become an absolute mess in the Nation's Capital.

I have listened to the editorials on some of the local radio stations. It is crazy that in this day and age in the Nation's Capital, we have the kind of cab service that is currently in place. You do not experience it in other major cities. I have been spending a lot of time in Baltimore lately and I have been riding in their taxicabs. They have a first-class taxicab system there. If they can do it in Baltimore, it can be done in the Nation's Capital. Maybe these hearings will help us find a way to do that.

As I have said, Mr. Parris and I have had conversations about this situation and we share the same concerns.

I am particularly pleased you are here this morning, Stan. I welcome any opening comments you may have about this issue before we try to find some answers from our witnesses.

[The prepared statement of Mr. Barnes follows:]

STATEMENT OF CONGRESSMAN MICHAEL D. BARNES (D-MD)
CHAIRMAN, DISTRICT OF COLUMBIA SUBCOMMITTEE
ON GOVERNMENT OPERATIONS AND METROPOLITAN AFFAIRS
OVERSIGHT HEARING ON THE QUALITY OF TAXI SERVICE IN THE NATION'S CAPITAL

Serious questions have been raised by metro-area residents, visitors, taxi drivers and the media about the quality and reliability of taxi service in the Washington metropolitan area. The taxi industry in the nation's capital serves not only metro area residents, but a panoply of visitors and visiting dignitaries. All are entitled to the highest caliber transportation system this country can provide. Taxicabs are an integral part of that system.

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Mr. **Parris**. Thank you very much, Mr. Chairman.

I want to thank you initially for holding these hearings and thank our witnesses for giving so generously of their time. I think this is an important subject, an important hearing, and I am delighted to be a part of it.

On that subject, we have a number of persons who are here and I will keep my remarks short. I would ask unanimous consent, Mr. Chairman, that my full statement be entered in the record.

Mr. **Barnes**. Of course it will be included.

Mr. **Parris**. And I would like to just add one sentence to your comments, which I thought were totally pertinent and excellent.

I have heard some criticism that we are abandoning the theories of home rule, is this a proper function of the Congress, et cetera, et cetera. I would remind those Americans who are uniquely oriented toward the District of Columbia, Mr. Chairman, my good friend and colleague from Maryland, and I have the responsibility of individually representing some 600,000 or so persons who travel the roads of this city and many of the cabs, the taxis we are talking about today, travel the roads and highways in my neighborhood and in my friend from Maryland's backyard.

This is a public safety issue in my view and it is not confined exclusively to the question of the profitability of the taxicabs in the District of Columbia.

I do not apologize to any person consistent with the responsibilities of this committee and the representation of my constituents of holding this, or any other hearing, on matters of public safety and I want to get that right on the front of the table right off.

Back on November 19, one of Washington's network affiliates, WDVM-TV, began airing an investigative series presenting clear evidence of graft and corruption in the District's Taxi Safety Inspection Program. The allegations contained within that and other segments of this investigative series included, but were not limited to, payoffs, inadequate security and supervision in inspection stations, and black market sales of inspection stickers.

In one segment, WDVM placed a taxi in the inspection line with one tire so worn the steel was showing, there were missing tail lights, and the brakes were clearly and dangerously defective. The driver of that cab, on camera, simply paid $50 to a so-called middleman. Having requested and received the money, that middleman said, again on camera, "I'm going to take it to the boss." That boss was the SW. inspection station supervisor. Moments later, he was filmed personally placing an inspection sticker on the unsafe cab. A number of so-called middlemen were filmed taking bribes as well.

Based upon WDVM's report and supporting evidence collected by the minority staff of this committee, it is clear that such cases are more the rule than the exception to the rule. According to numerous informed sources at various levels of the District's taxi industry, perhaps as many as 60 to 70 percent of cabs in the District of Columbia obtain their inspection stickers in that fashion. Even if the actual figure is one-half, or even one-quarter of that estimate, the implications are horrifying.

This leads me to address a related problem which is of similar importance and whose adverse impact on the safety of taxi patrons in the Washington metropolitan area is equally as great. There is, apparently, a substantial black market in the industry for public service commission issued taxi insurance certification stickers which must be placed on taxi windshields at the beginning of each week of the year.

Each week, the public service commission issues a certain number of stickers to each cab association in the District for distribution to their insured cabdrivers and that is the end of the public service commission's involvement. The associations are left to work under the honor system in distributing these stickers. There are no procedures in place for the public service commission to keep a paper trail on what sticker went on what cab in which week. There are no procedures in place whereby extra stickers are returned to the public service commission. According to many cabdrivers, the buying and selling of these stickers for as much as $200 is commonplace. It is not uncommon in the District for a cab to be involved in an accident and for his insurance sticker to be found invalid. The fines in such cases have, historically, been minimal.

That any of this could be allowed to happen, purely from an administrative and enforcement standpoint, is of great concern to me. That unsafe and uninsured taxis are permitted to operate on the streets of the Washington metropolitan area, transporting literally tens of thousands of passengers every day, is frightening. There is no denying it.

Minority staff of this committee has been contacted by two individuals in the past 2 weeks that have reported this corruption to the police as much as 3 years ago, but toward what end? There has been no response to date.

On three separate occasions, Mayor Barry, Bob Thompson, in the presence of the Mayor; and Capt. William Richey, the District's internal affairs chief, have stated that the District has been investigating this situation for 6 years, 8 months, and 18 months, respectively—the District government can't even decide how long an investigation has been going on. There is absolutely no evidence that an active investigation has been ongoing for any period of time. Indeed, informed sources within the Metropolitan Police have inferred to minority staff of this committee that, except for some minimal activity in June 1985, there has not been an active investigation since the failed Curtis investigation in 1982.

I hope I am wrong about this. But I have no reason to believe that I am. It would be helpful if the internal affairs division were to offer the members of this subcommittee the opportunity to confidentially review the records of this investigation, however long it has been going on. If not, there is always the option of having the committee subpoena those records.

However disturbing this situation may be, it is not entirely surprising. Let's face it, the environment for this type of illegal activity exists and will continue to do so until some drastic changes are made in the way the District conducts its affairs. First of all, it is difficult, if not impossible, for the District to gauge exactly how many cabs are on the streets on any one day. The last available number, from last March, was 13,000, more cabs per capita than in any other city in the United States. There is clearly a lack of sufficient supervision over the operations of the inspection stations in general and the public service commission in particular. Also lacking is any evidence of efficient and effective enforcement mechanisms within this area. As is evidently true in other segments of the District government, there appears to be a complete absence of any effective checks and balances within the system to prevent occurrences such as these.

Again, Mr. Chairman, thank you for agreeing to hold these hearings. I am hopeful that they will provide some real movement toward a solution to the problems in the industry. At the very least, I hope that there will be a general acceptance that there is indeed a problem which needs badly to be addressed in this area of activity.

Thank you very much.

[The prepared statement of Mr. Parris follows:]

THE HONORABLE STAN PARRIS
TESTIMONY BEFORE THE HOUSE D.C. SUBCOMMITTEE ON GOVERNMENT OPERATIONS AND METROPOLITAN AFFAIRS
QUALITY OF TAXI SERVICE IN THE DISTRICT
JANUARY 29, 1986

I WOULD LIKE TO THANK YOU, MR. CHAIRMAN, FOR HOLDING THESE HEARINGS AND I WOULD ALSO LIKE TO THANK OUR WITNESSES FOR GIVING SO GENEROUSLY OF THEIR TIME BY PARTICIPATING IN THESE IMPORTANT PROCEEDINGS. ON THE SUBJECT OF WITNESSES, I KNOW WE HAVE MANY TO HEAR FROM TODAY, SO I WILL KEEP MY REMARKS SHORT.

BACK ON NOVEMBER 19TH, ONE OF WASHINGTON'S NETWORK AFFILIATES, WDVM-TV, BEGAN AIRING AN INVESTIGATIVE SERIES PRESENTING CLEAR EVIDENCE OF GRAFT AND CORRUPTION IN THE DISTRICT'S TAXI SAFETY INSPECTION PROGRAM. THE ALLEGATIONS CONTAINED WITHIN THAT AND OTHER SEGMENTS OF THIS INVESTIGATIVE SERIES INCLUDED, BUT WERE NOT LIMITED TO, PAY-OFFS, INADEQUATE SECURITY AND SUPERVISION IN INSPECTION STATIONS, AND BLACK-MARKET SALES OF INSPECTION STICKERS.

IN ONE SEGMENT , WDVM PLACED A TAXI IN THE INSPECTION LINE WITH ONE TIRE SO WORN THE STEEL WERE SHOWING, THERE WERE MISSING TAIL LIGHTS, AND THE BRAKES WERE CLEARLY AND DANGEROUSLY DEFECTIVE. THE DRIVER OF THAT CAB, ON CAMERA, SIMPLY PAID FIFTY DOLLARS TO A SO-CALLED "MIDDLEMAN." HAVING REQUESTED AND RECEIVED THE MONEY, THAT MIDDLEMAN SAID, AGAIN ON CAMERA, "I,M GOING TO TAKE IT TO THE BOSS." THAT BOSS WAS THE S.W. INSPECTION STATION SUPERVISOR -- MOMENTS LATER, HE WAS FILMED PERSONALLY PLACING AN INSPECTION STICKER ON THE UNSAFE CAB. A NUMBER OF OTHER SO-CALLED "MIDDLEMEN" WERE FILMED TAKING BRIBES AS WELL.

Based upon WDVM's report and supporting evidence collected by the minority staff of this committee, it is clear that such cases are more the rule than the exception-to-the-rule. According to numerous informed sources at various levels of the District's taxi industry, perhaps as many as 60 to 70% of cabs in D.C. obtain their inspection stickers in that fashion. Even if the actual figure is one-half, or even one-quarter of that estimate, the implications are still horrifying.

This leads me to address a related problem which is of similar importance and whose adverse impact on the safety of taxi patrons in the Washington metropolitan area is equally as great. There is, apparently, a substantial black-market in the industry for Public Service Commission-issued taxi insurance certification stickers which must be placed on taxi windshields at the beginning of each week of the year.

Each week, the Public Service Commission issues a certain number of stickers to each cab association in the District for distribution to their insured cab drivers -- and that is the end of the PSC's involvement. The associations are left to work under the honor system in distributing these stickers; there are no procedures in place for the PSC to keep a paper trail on what sticker went on what cab in which week; there are no procedures in place whereby extra stickers are returned to the PSC. According to many cab drivers, the buying and selling of these stickers for as much $200 is commonplace. It is not uncommon in the District for a cab to be involved in an accident and for his insurance sticker to be found invalid. The fines in such cases have, historically, been minimal.

That any of this could be allowed to happen, purely from an administrative and enforcement standpoint, is of great concern to me. That unsafe and uninsured taxis are permitted to operate on the streets of the Washington metropolitan area, transporting literally tens of thousands of passengers every day, is frightening. There is no denying it.

When approached by the WDVM reporter for his comments on the substance of the expose, Mayor Barry stated, and I quote, "I think you are committing a crime..." by not reporting it to the police. Minority staff of this committee has been contacted by two individuals in the past two weeks that HAVE reported this corruption to the police as much as three years ago -- but towards what end? There has been no response to date.

On three separate occasions, Mayor Barry; Bob Thompson, in the presence of the Mayor; and Captain William Richey, the District's Internal Affairs Chief, have stated that the District has been investigating this situation for 6 years, eight months and eighteen months, respectively -- the District Government can't even decide how long an investigation has been going on. There is absolutely no evidence that an active investigation has been ongoing for **any** period of time. Indeed, informed sources within the Metropolitan Police have inferred to minority staff of this committee that, except for some minimal activity in June 1985, there has not been an active investigation since the failed Curtis investigation in 1982.

I hope I am wrong about this. But I have no reason to believe that I am. It would be helpful if the Internal Affairs Division were to offer the

MEMBERS OF THIS SUBCOMMITTEE THE OPPORTUNITY TO CONFIDENTIALLY REVIEW THE RECORDS OF THIS INVESTIGATION, HOWEVER LONG IT'S HAS BEEN GOING ON. IF NOT, THERE IS ALWAYS THE OPTION OF HAVING THE COMMITTEE SUBPOENA THOSE RECORDS.

HOWEVER DISTURBING THIS SITUATION MAY BE, IT IS NOT ENTIRELY SURPRISING. LET'S FACE IT, THE ENVIRONMENT FOR THIS TYPE OF ILLEGAL ACTIVITY EXISTS AND WILL CONTINUE TO DO SO UNTIL SOME DRASTIC CHANGES ARE MADE IN THE WAY THE DISTRICT CONDUCTS ITS AFFAIRS. FIRST OF ALL, IT IS DIFFICULT, IF NOT IMPOSSIBLE, FOR THE DISTRICT TO GUAGE EXACTLY HOW MANY CABS ARE ON THE STREETS ON ANY ONE DAY. THE LAST AVAILABLE NUMBER, FROM LAST MARCH, WAS 13,000 -- MORE CABS PER CAPITA THAN IN ANY OTHER CITY IN THE U.S.. THERE IS CLEARLY A LACK OF SUFFICIENT SUPERVISION OVER THE OPERATIONS OF THE INSPECTION STATIONS IN GENERAL AND THE PSC IN PARTICULAR. ALSO LACKING IS ANY EVIDENCE OF EFFICIENT AND EFFECTIVE ENFORCEMENT MECHANISMS WITHIN THIS AREA. AS IS EVIDENTLY TRUE IN OTHER SEGMENTS OF THE DISTRICT GOVERNMENT, THERE APPEARS TO BE A COMPLETE ABSENSE OF ANY EFFECTIVE CHECKS-AND-BALANCES WITHIN THE SYSTEM TO PREVENT OCCURENCES SUCH AS THESE.

AGAIN, MR. CHAIRMAN, THANK YOU FOR AGREEING TO HOLD THESE HEARINGS. I AM HOPEFUL THAT THEY WILL PROVIDE SOME REAL MOVEMENT TOWARDS A SOLUTION TO THE PROBLEMS IN THE INDUSTRY -- AT THE VERY LEAST, I HOPE THAT THERE WILL BE A GENERAL ACCEPTANCE THAT THERE IS, INDEED, A PROBLEM.

Mr. **Barnes**. Thank you, Mr. Parris.

At this time, I would ask unanimous consent to include in the record a statement by the distinguished chairman of the full Committee on the District of Columbia, Mr. Dellums, with respect to this subject. Hearing no objection we will include that in the record.

[The prepared statement of Mr. Dellums follows:]

Prepared Statement of Hon. Ronald V. Dellums

I want to take this opportunity to congratulate Congressman Michael D. Barnes, chairman of the Subcommittee on Government Operations and Metropolitan Affairs of the House District of Columbia Committee for his work and interest in conducting oversight hearings on the quality of taxi service in the Nation's Capital.

Over the years, I have received numerous complaints from residents, friends, colleagues, and family regarding the quality of service. Members of the Congressional Black Caucus have experienced such infractions as refusal to transport. The unfortunate experience of my wife last year with a rude taxi driver has given me more illustration of the nature and extent of the problem.

The House District of Columbia Committee has through the years maintained a continuing interest in taxi service and has conducted studies and held hearings on the taxicab industry in the city. The committee has intervened with problems at Union Station and National Airport in the past. We have to our distress reviewed the 1957 House District of Columbia Committee hearing record and found that the same questions were raised of the then commissioner-form of government in the city and taxi industry representatives. Questions concerning the following were raised in 1957: limitations on the number of drivers; the use of the zones versus the meter taxis; the then revocation and review board's role in regulating the industry; and whether or not the entire control of taxicabs should be centralized in one agency.

It is my hope that as a result of this congressional hearing that we discover ways to remove impediments and insure decent responsible taxi service at a fair and equitable rate so that at long last these questions will be resolved and that the Nation's Capital will have the taxi service it deserves.

Mr. **Barnes**. Our first witness this morning is Betty Ann Kane, member of the D.C. City Council.

Ms. Kane, we are very pleased to have you here this morning, and welcome to you. We know of your interest in these issues and that you have sponsored legislation in the city council to correct some of the problems in the cab industry. We look forward to hearing your testimony.

STATEMENT OF BETTY ANN KANE, MEMBER AT LARGE, D.C. CITY COUNCIL, ACCOMPANIED BY REGINALD MARTIN

Ms. **Kane**. Thank you, Congressman Barnes, Congressman Parris. I am pleased to be here, Congressman Barnes. I have with me Mr. Reginald Martin, who is the counsel to the committee that I chair on the city council and our expert on taxi matters. I am very happy to have the opportunity to appear today and give testimony on the improvements in taxi services which are anticipated as a result of the council's recent enactment of the District of Columbia Taxicab Commission Establishment Act of 1985.

Let me preface my statement by assuring the subcommittee that the Council of the District of Columbia possesses both the authority and will to address the problems of taxi service in the District of Columbia. Our determination to address and work improvements in our taxi system is no more evident than in our enactment of two pieces of legislation on the subject of taxicabs within the last year.

The first of these, the Hacker's License Requirement Act of 1984, has established a training course, administered at the University of the District of Columbia, for all new applicants for taxi licenses. This training course consists of 12 hours of course work covering the subjects of rules and regulations relating to taxi operation, traffic laws, and rules, geography, public relations, and small business practices. Each new applicant for a taxi license must successfully complete this course, and must be certified before the applicant is eligible to take the hacker's examination, which is required for licensure. Additionally, all taxi operators whose licenses are suspended, no matter how long they have been drivers in the District, are required to successfully complete the training course prior to reinstatement.

Although the training program is young and will require further development, we believe it will have a significant, positive impact on the quality of operators engaged in rendering taxi service in the District. We have increased the number of questions on the test and made it more difficult to pass the test, and we will be closely monitoring this to see that its expected impact on improving the quality of operators is achieved. We inherited it from the prerule statutes which described responsibility between the public service commission, the executive, and the council.

In addition to the training program concept, the Hacker's License Requirement Act of 1984 has also required the establishment of a point system to evaluate the public service record of each operator of a taxi. Pursuant to this requirement, each violation of a regulation pertaining to the operation or maintenance of a taxicab is to be assigned a point value, and a maximum point total is to be established for determining when suspension or revocation of a taxi license should be undertaken.

Currently the council has before it a resolution which would approve a proposal made by the executive branch in relation to the implementation of the point system. As a result, the point system required by the Hacker's License Requirement Act of 1984 is very near fruition. We expect that the point system will help to weed out the small core of repeat offenders who are causing many problems in the industry, and will discourage violations by all drivers. Therefore, we see further improvements coming in the quality of drivers and service as a result of the point system.

The second piece of legislation which evidences our determination to correct many of the problems associated with the taxi industry, is the District of Columbia Taxicab Commission Establishment Act of 1984, introduced by myself and reported out of the committee which I chair.

I believe this legislation will result in direct improvements in taxi service because it rectifies the institutional shortfalls which have characterized our system of taxi regulation.

Taxi service problems in the District have been exacerbated by our system of fragmented regulatory control. The age-old adage "Too many cooks spoil the broth," is most appropriate in describing the effect of fragmentation on taxi regulation in the District. Currently, taxi responsibility is spread out amongst a dozen offices and agencies of District government. This scheme is primarily the result of pre-home-rule congressional statutes which divided regulatory responsibility between the public service commission, the executive, and the council.

From testimony received in three separate public hearings conducted by my committee dating back to September 1983, we documented that fragmentation has had a profound negative impact on the quality of governmental regulation of taxicabs. We proposed to address this problem by centralizing regulatory control in one agency of government.

I might add as a footnote, that our effort at consolidation was in part spurred by a congressional recommendation originating out of a staff report of the House Subcommittee on Public Utilities, Insurance and Banking, which similarly called for centralization of governmental control.

After the introduction of several consolidation proposals, our effort culminated in the enactment, earlier this month, of the District of Columbia Taxicab Commission Establishment Act of 1984, in relation to the quality of governmental supervision.

First, we see short-run as well as long-term regulatory expertise being developed under this format.

Second, we see greater accountability being provided than presently exists.

Third, we anticipate that greater attention and focus on the industry will result from this single mission format.

Fourth, we see better coordination occurring between the various functions of enforcement, licensing, and rule and ratemaking.

Fifth, we anticipate the accumulation of more accurate information on the industry upon which to make more intelligent and better informed decisions.

And finally, we believe this format will end the vast confusion existing within the public and government with respect to who has jurisdiction over taxi problems.

We have also under the District of Columbia Taxicab Commission Establishment Act of 1984 provided for an automatic rate review every 2 years, and have established several policies elevating taxi service to its rightful status as an ever-important component of our transportation network. We have also statutorily increased our hack inspector force from its current staff of 4 to 12. Therefore, we believe this legislation sets up an institutional framework for embarking on resolving and reducing many of the problems existing in taxi service.

Moreover, our effort on the issue of taxi service has not been limited to legislation. For example, I as an individual member of the council, recently wrote the Washington Metroplitan Area Transit Commission regarding implementation of a proposal to allow for discretionary flat rate taxi ride sharing from our local airports to various business districts in the metropolitan area. This type of system could possibly go a long way in reducing overcharging abuse in airport runs, and would provide passengers willing to ride share with reduced rates, while at the same time, providing operators with sufficient income.

This proposal I suggested would be taken up by the WMATC in the future. It is but one example of the coordinated efforts that are necessary. In addition, it will be necessary for the city to work closely with other agencies, such as the FAA, which has jurisdiction over taxis at National Airport.

Additionally, I believe Congress itself could be most helpful if it would rescind the annual appropriations rider prohibiting meters that we in local government have consistently worked to get removed from each year's Budget Act. This congressional prohibition has limited our ability at the local level to fully debate the issue of fare computation, and has contributed significantly to our current use of what can only be characterized as an extremely outdated and unfair zone map.

I think there are valid arguments to be made for retention of a zone system as a conceptual matter. However, there is no question in my mind that our current zone map is in need of significant revision. Equally, I think there are valid arguments for implementing meters. In no case, is the public interest served by limiting debate. Therefore, I would hope that this subcommittee would give serious consideration to making a recommendation to remove the current appropriations rider.

I hope my testimony will be helpful, and I thank you for the opportunity to address you today.

[The prepared statement of Betty Ann Kane follows:]

TESTIMONY OF BETTY ANN KANE
COUNCILMEMBER, DISTRICT OF COLUMBIA CITY COUNCIL
BEFORE THE U.S. HOUSE OF REPRESENTATIVE'S SUBCOMMITTEE ON GOVERNMENT
OPERATIONS AND METROPOLITAN AFFAIRS, OF THE COMMITTEE ON THE DISTRICT OF
COLUMBIA, 99th CONGRESS, JANUARY 29, 1986

THANK YOU, MR. CHAIRMAN FOR THE OPPORTUNITY TO APPEAR TODAY TO GIVE TESTIMONY ON THE IMPROVEMENTS IN TAXI SERVICE WHICH ARE ANTICIPATED AS A RESULT OF THE D.C. CITY COUNCIL'S RECENT ENACTMENT OF THE "DISTRICT OF COLUMBIA TAXICAB COMMISSION ESTABLISHMENT ACT OF 1985" ("TAXI COMMISSION ACT").

LET ME PREFACE MY STATEMENT BY ASSURING THE SUBCOMMITTEE THAT THE COUNCIL OF THE DISTRICT OF COLUMBIA POSSESSES BOTH THE AUTHORITY AND WILL TO ADDRESS THE PROBLEMS OF TAXI SERVICE IN THE DISTRICT OF COLUMBIA. OUR DETERMINATION TO ADDRESS AND WORK IMPROVEMENTS IN OUR TAXI SYSTEM IS NO MORE EVIDENT THAN IN OUR ENACTMENT OF TWO PIECES OF LEGISLATION ON THE SUBJECT OF TAXICABS WITH IN THE LAST YEAR. THE FIRST OF THESE, THE HACKERS'S LICENSE REQUIREMENT ACT OF 1984, HAS ESTABLISHED A TRAINING COURSE, ADMINISTERED AT THE UNIVERSITY OF THE DISTRICT OF COLUMBIA, FOR ALL NEW APPLICANTS FOR TAXI LICENSES. THIS TRAINING COURSE CONSISTS OF TWELVE HOURS OF COURSEWORK COVERING THE SUBJECTS OF RULES AND REGULATIONS RELATING TO TAXI OPERATION, TRAFFIC LAWS AND RULES, GEOGRAPHY, PUBLIC RELATIONS, AND SMALL BUSINESS PRACTICES. EACH NEW APPLICANT FOR A TAXI LICENSE MUST SUCCESSFULLY COMPLETE THIS COURSE, AND MUST BE CERTIFIED, BEFORE THE APPLICANT IS ELIGIBLE TO TAKE THE HACKER'S EXAMINATION WHICH IS REQUIRED FOR LICENSURE. ADDITIONALLY, ALL TAXI OPERATORS WHOSE LICENSES ARE SUSPENDED, ARE REQUIRED TO SUCCESSFULLY COMPLETE THE TRAINING COURSE PRIOR TO REINSTATEMENT.

ALTHOUGH THE TRAINING PROGRAM IS YOUNG AND WILL REQUIRE FURTHER DEVELOPMENT, WE BELIEVE IT WILL HAVE A SIGNIFICANT POSITIVE IMPACT ON THE QUALITY OF OPERATORS ENGAGED IN RENDERING TAXI SERVICE IN THE DISTRICT. WE

ARE CURRENTLY AND WILL IN THE FUTURE, CLOSELY MONITOR THE TRAINING COURSE TO ASSURE THAT ITS EXPECTED IMPACT ON IMPROVING THE QUALITY OF OPERATORS IS ACHIEVED.

IN ADDITION TO THE TRAINING PROGRAM CONCEPT, THE HACKER'S LICENSE REQUIREMENT ACT OF 1984 HAS ALSO REQUIRED THE ESTABLISHMENT OF A POINT SYSTEM TO EVALUATE THE PUBLIC SERVICE RECORD OF EACH OPERATOR OF A TAXI. PURSUANT TO THIS REQUIREMENT, EACH VIOLATION OF A REGULATION PERTAINING TO THE OPERATION OR MAINTENANCE OF A TAXICAB IS TO BE ASSIGNED A POINT VALUE, AND A MAXIMUM POINT TOTAL IS TO BE ESTABLISHED FOR DETERMINING WHEN SUSPENSION OR REVOCATION OF A TAXI LICENSE SHOULD BE UNDERTAKEN. CURRENTLY, THE COUNCIL HAS BEFORE IT A RESOLUTION WHICH WOULD APPROVE A PROPOSAL MADE BY THE EXECUTIVE BRANCH IN RELATION TO THE IMPLEMENTATION OF THE POINT SYSTEM. AS A RESULT, THE POINT SYSTEM REQUIRED BY THE HACKER'S LICENSE REQUIREMENT ACT IS VERY NEAR FRUITION. WE EXPECT THAT THE POINT SYSTEM WILL FACILITATE A WEEDING OUT OF THE SMALL CORE OF REPEAT OFFENDERS WHO ARE CAUSING MANY PROBLEMS IN THE INDUSTRY, AND WILL DISCOURAGE VIOLATIONS BY ALL DRIVERS. THEREFORE WE SEE FURTHER IMPROVEMENTS COMING IN THE QUALITY OF DRIVERS AND SERVICE AS A RESULT OF THE POINT SYSTEM.

THE SECOND PIECE OF LEGISLATION WHICH EVIDENCES OUR DETERMINATION TO CORRECT MANY OF THE PROBLEMS ASSOCIATED WITH THE TAXI INDUSTRY, IS THE TAXI COMMISSION ACT OF 1985, INTRODUCED BY MYSELF AND REPORTED OUT OF THE COMMITTEE WHICH I CHAIR.

I BELIEVE THIS LEGISLATION WILL RESULT IN DIRECT IMPROVEMENTS IN TAXI SERVICE BECAUSE IT RECTIFIES THE INSTITUTIONAL SHORTFALLS WHICH HAVE CHARACTERIZED OUR SYSTEM OF TAXI REGULATION.

TAXI SERVICE PROBLEMS IN THE DISTRICT HAVE BEEN EXACERBATED BY OUR SYSTEM OF FRAGMENTED REGULATORY CONTROL. THE AGE OLD ADAGE "TOO MANY COOKS SPOIL THE

BROTH" IS MOST APPROPRIATE IN DESCRIBING THE EFFECT OF FRAGMENTATION ON TAXI REGULATION IN THE DISTRICT. CURRENTLY, TAXI RESPONSIBILITY IS SPREAD OUT AMONGST A DOZEN OFFICES AND AGENCIES OF DISTRICT GOVERNMENT. THIS SCHEME IS PRIMARILY THE RESULT OF PRE-HOME RULE CONGRESSIONAL STATUTES WHICH DIVIDED REGULATORY RESPONSIBILITY BETWEEN THE PUBLIC SERVICE COMMISSION, THE EXECUTIVE, AND THE COUNCIL.

FROM TESTIMONY RECEIVED IN THREE SEPARATE PUBLIC HEARINGS CONDUCTED BY MY COMMITTEE DATING BACK TO SEPTEMBER OF 1983, WE DOCUMENTED THAT FRAGMENTATION HAS HAD A PROFOUND NEGATIVE IMPACT ON THE QUALITY OF GOVERNMENTAL REGULATION OF TAXICABS. WE PROPOSED TO ADDRESS THIS PROBLEM BY CENTRALIZING REGULATORY CONTROL IN ONE AGENCY OF GOVERNMENT. (I MIGHT ADD AS A FOOTNOTE, THAT OUR EFFORT AT CONSOLIDATION WAS IN PART SPURRED BY A CONGRESSIONAL RECOMMENDATION ORIGINATING OUT OF A STAFF REPORT OF THE HOUSE SUBCOMMITTEE ON PUBLIC UTILITIES, INSURANCE AND BANKING WHICH SIMILARLY CALLED FOR CENTRALIZATION OF GOVERNMENTAL CONTROL.) AFTER THE INTRODUCTION OF SEVERAL CONSOLIDATION PROPOSALS, OUR EFFORT CULMINATED IN THE ENACTMENT EARLIER THIS MONTH OF THE TAXI COMMISSION ACT WHICH CALLS FOR THE ESTABLISHMENT OF A 13 MEMBER COMMISSION WHICH WILL HAVE FULL CONTROL AND RESPONSIBILITY FOR INDUSTRY OVERSIGHT.

WE SEE SEVERAL BENEFITS OCCURRING AS A RESULT OF THE TAXI COMMISSION ACT IN RELATION TO THE QUALITY OF GOVERNMENTAL SUPERVISION. FIRST, WE SEE SHORT-RUN AS WELL AS LONG-TERM REGULATORY EXPERTISE BEING DEVELOPED UNDER THIS FORMAT. SECONDLY, WE SEE GREATER ACCOUNTABILITY BEING PROVIDED THAN PRESENTLY EXISTS. THIRDLY, WE ANTICIPATE THAT GREATER ATTENTION AND FOCUS ON THE INDUSTRY WILL RESULT FROM THIS SINGLE MISSION FORMAT. FOURTHLY, WE SEE BETTER COORDINATION OCCURRING BETWEEN THE VARIOUS FUNCTIONS OF ENFORCEMENT, LICENSING, AND RULE AND RATEMAKING. FIFTHLY, WE ANTICIPATE THE ACCUMULATION

OF MORE ACCURATE INFORMATION ON THE INDUSTRY UPON WHICH TO MAKE MORE INTELLIGENT AND BETTER INFORMED DECISIONS. AND FINALLY, WE BELIEVE THIS FORMAT WILL END THE VAST CONFUSION EXISTING WITHIN THE PUBLIC AND GOVERNMENT WITH RESPECT TO WHO HAS JURISDICTION OVER TAXI PROBLEMS.

WE HAVE ALSO UNDER THE TAXI COMMISSION ACT PROVIDED FOR AN AUTOMATIC RATE REVIEW (EVERY TWO YEARS), AND HAVE ESTABLISHED SEVERAL POLICIES ELEVATING TAXI SERVICE TO ITS RIGHTFUL STATUS AS AN EVER IMPORTANT COMPONENT OF OUR TRANSPORTATION NETWORK. WE HAVE ALSO STATUTORILY INCREASED OUR HACK INSPECTOR FORCE FROM ITS CURRENT STAFF OF FOUR TO TWELVE. THEREFORE, WE BELIEVE THIS LEGISLATION SETS UP AN INSTITUTIONAL FRAMEWORK FOR EMBARKING ON RESOLVING AND REDUCING MANY OF THE PROBLEMS EXISTING IN TAXI SERVICE.

MOREOVER, OUR EFFORT ON THE ISSUE OF TAXI SERVICE HAS NOT BEEN LIMITED TO LEGISLATION. FOR EXAMPLE, I AS AN INDIVIDUAL MEMBER OF THE COUNCIL RECENTLY WROTE THE WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION (WMATC) REGARDING IMPLEMENTATION OF A PROPOSAL TO ALLOW FOR DISCRETIONARY FLAT-RATE TAXI RIDE-SHARING FROM OUR LOCAL AIRPORTS TO VARIOUS BUSINESS DISTRICTS IN THE METROPOLITAN AREA. THIS TYPE OF SYSTEM COULD POSSIBLY GO A LONG WAY IN REDUCING OVERCHARGING ABUSE IN AIRPORT RUNS, AND WOULD PROVIDE PASSENGERS WILLING TO RIDE-SHARE WITH REDUCED RATES, WHILE AT THE SAME TIME PROVIDING OPERATORS WITH SUFFICIENT INCOME.

THIS PROPOSAL I SUGGESTED WILL BE TAKEN UP BY THE WMATC IN THE FUTURE. IT IS BUT ONE EXAMPLE OF THE COORDINATED EFFORTS THAT ARE NECESSARY. IN ADDITION, IT WILL BE NECESSARY FOR THE CITY TO WORK CLOSELY WITH OTHER AGENCIES, SUCH AS THE FAA WHICH HAS JURISDICTION OVER TAXIS AT NATIONAL AIRPORT. ADDITIONALLY, I BELIEVE CONGRESS ITSELF COULD BE MOST HELPFUL IF IT WOULD RESCIND THE ANNUAL APPROPRIATIONS RIDER PROHIBITING METERS THAT WE IN LOCAL GOVERNMENT HAVE CONSISTENTLY WORKED TO GET REMOVED FROM EACH YEAR'S

BUDGET ACT. THIS CONGRESSIONAL PROHIBITION HAS LIMITED OUR ABILITY AT THE LOCAL LEVEL TO FULLY DEBATE THE ISSUE OF FARE COMPUTATION, AND HAS CONTRIBUTED SIGNIFICANTLY TO OUR CURRENT USE OF WHAT CAN ONLY BE CHARACTERIZED AS AN EXTREMELY OUTDATED AND UNFAIR ZONE MAP.

I THINK THERE ARE VALID ARGUMENTS TO BE MADE FOR RETENTION OF A ZONE SYSTEM AS A CONCEPTUAL MATTER. HOWEVER, THERE IS NO QUESTION IN MY MIND THAT OUR CURRENT ZONE MAP IS IN NEED OF SIGNIFICANT REVISION. EQUALLY, I THINK THERE ARE VALID ARGUMENTS FOR IMPLEMENTING METERS. IN NO CASE, IS THE PUBLIC INTEREST SERVED BY LIMITING DEBATE. THEREFORE, I WOULD HOPE THAT THIS SUBCOMMITTEE WOULD GIVE SERIOUS CONSIDERATION TO MAKING A RECOMMENDATION TO REMOVE THE CURRENT APPROPRIATIONS RIDER.

I HOPE MY TESTIMONY WILL BE HELPFUL, AND I THANK YOU FOR THE OPPORTUNITY TO ADDRESS YOU TODAY.

Mr. BARNES. Well, Councilwoman, we very much appreciate your testimony.

Let me say that I agree with you about the congressional language on meters and I intend to do what I can to get that language out of the appropriations bill this year. Perhaps Mr. Parris and I can work together. Let the record reflect he is nodding yes to being helpful on that.

I also agree that we should work with the WMATC on finding a way to set reasonable rates at the airports that are clear to all. In Los Angeles, for example, they have a flat $24 rate from Los Angeles airport to downtown Los Angeles. Everyone knows the rate. It is expensive, but you have a choice of taking alternative type of transportation.

Ms. KANE. I observed the same thing in effect going through Chicago. That is where I got the idea in fact; $12 to anyplace in the downtown.

Mr. BARNES. That makes a lot of sense.

Ms. KANE. It eliminates the tremendous uncertainty as well as tremendous problems.

Mr. BARNES. Or meters. One or the other, is the logical way to go. I am a former member of the Washington Metropolitan Transit Commission. I had the privilege of representing the State of Maryland on that commission for 3 years and I would be happy to assist in any way I can to work with you and the members of the council on the commission and anybody else, to deal with that issue because the airport question is a very serious one.

The commission which you have established, with respect to the taxicab industry has 13 members?

Ms. KANE. Yes, sir.

Mr. BARNES. That is a mighty big commission to regulate this industry.

Ms. **Kane**. The commission is the successor to two bodies, the hacker's license appeals board, which currently hears individual complaints against drivers. That board does now have 13 members and successor to the public service commission, which has 3 members. For administrative efficiency and for functioning, we have decided to make it legislatively into two panels, a five-member panel, which will be the rate and rulemaking panel, and that is really the successor to the public service commission; and an eight-member panel which would break down into three three-member panels to hear the individual cases against the drivers. Then the overall policy issues would be heard by the whole body.

Mr. **Barnes**. Are these part-time commissioners or——

Ms. **Kane**. The chairperson would be a full-time government employee. The executive director of the commission would be full time. Of course the staff would be full time. The other members of the commission would serve on a per diem basis, as the current hacker's appeals board do.

Mr. **Barnes**. I hope it works. When did it start?

Ms. **Kane**. The legislation was passed by the council. The second reading was several weeks ago, and the legislation is on the Mayor's desk for signature. It will then come to the Congress for a 30-day review period. We expect after he has signed it, it should become effective, assuming normal review, by the middle of March.

We have put in the legislation a 1-year total phase-in period. As you know, rules have to be written, commissioners have to be appointed, the budget has to be adjusted. But we expect that within a year it will be totally operational.

Mr. **Barnes**. My understanding is that your bill was amended to restrict the commission's panel on rates and rules from limiting the number of taxicabs authorizing meter fare system, is that true?

Ms. **Kane**. Not exactly. That is the way it was reported in the media. There was some concern because of language in the bill that implied that the city council at this time, was making a decision to require meters or showing a preferences for meters. There is a split in the taxi industry over whether meters or a zone system is a better way to go, and as you know, Congress, from legislation sometimes, even if it is not your intent, the way a word is written the person gets it in their head this is the intent.

It led to some fears. The amendment that was made required council review of any decision to install meters or to restrict the number of drivers. It did not require council approval, and the authority that the commission would have is the same authority about the congressional rider that the public service commission now has in the area of meters.

Mr. **Barnes**. They can do it if they want.

Ms. **Kane**. They can. It requires some council review but not a review period in which the council would look at it and if it was an issue where we wanted to step in, we would, but the underlying authority is there for the commission to do it.

Mr. **Barnes**. You have a sense of your colleagues' views on this question of meters, had enough discussion for you to have a pretty realistic sense of how the council views the question?

Ms. **Kane**. No. There has not been direct debate on the issue of meters versus nonmeters at the council. Given, I would judge from the testimony that we have had in three hearings I conducted, that the council—that the split within the industry is probably reflected by a split on the council. But, because the new commission will have for the first time, taxi industry representation on it, with the people familiar with the taxi industry on the commission—which the public service commission does not now have—I think proposals which would come out of the commission would reflect ultimately a consensus within the industry and that then would become the consensus of the council.

Mr. **Barnes**. What about all these allegations of corruption that we hear about—and Mr. Parris outlined one example in the media of some pretty damning evidence of corruption. What is your sense and the sense of the council on this, and do you feel adequate steps are being taken to deal with it, is it in fact a problem in your view, and if so——

Ms. **Kane**. I think, without prejudging any investigation which I believe is going on in the police department, I would certainly say that there probably are abuses within it. I expect that they are limited to a few individuals who are violating the law.

I have never been someone who has used a structural problem such as the fragmented regulations to excuse wrongdoing by any individual in city employ. I think if there is wrongdoing they should be vigorously investigated and prosecuted and dealt with.

On the other hand, when there is fragmented regulation, things fall between the cracks and it is our hope that by having everything in one place, in addition to having more hack inspectors on the street and having an agency whose sole purpose is to concentrate on taxicabs, that when problems like this occur with individual city employees, there will be a quicker response.

Mr. **Barnes**. Let me say that I think you will find us up here on both sides of the aisle very supportive of any actions that the city council or the city government generally takes to deal with these issues. As I said in my opening comments, I don't think we ought to be sitting up here dictating to the city how to deal with the issue, we ought to get out of the way and help. One way we do that is by eliminating any specific statements in the law. I don't know where they come from. I have heard rumors about where those restrictions come from. The no meter requirement, that, as you say, seems to somehow be emerging from the mist every year.

Ms. **Kane**. It comes from the Appropriations Committee.

Mr. **Barnes**. Obviously there is somebody over in the Appropriations Committee who likes the current system. I think the current system is an absolute outrage and it leads to remarkable abuses. It is almost a game when you get into a taxicab in this city, how much they are going to charge. I say that with sadness, not out of any effort to condemn anybody. We need a different system and we need it for the image of the Nation's Capital. So I hope that the Congress can work with you and that we really can clamp down on anybody who is engaged in these corrupt acts.

In fact, if what Mr. Parris saw—taxicabs with bare tires with the radial steel belts showing through the tires—passed inspection, the person who is approving that for $50 is almost asking for somebody to be killed in that cab. That cab should not be driving around let alone transporting the public. We might find ways to deal with the monkey and I am pleased that you are providing the leadership on this issue.

If there is ways that we up here can be of helpful, we want to do that.

Mr. Parris.

Mr. **Parris**. Thank you, Mr. Chairman.

It is a great temptation to use an inordinate amount of time talking about maybe parochial questions because all of us are involved to some extent in this problem in the real world every day. I would just add to the comments of my friend from Maryland, 17 million passengers come through National Airport every year. They are told, I am told, up to 1,000 cabs in line at National Airport at any one given time going all the way back into the back parking lot, bumper to bumper. They pay 50 cents to get in that line. We are told they sit there sometimes 3 or 4 hours. It is unusual, but not extraordinary.

When they get a taxi fare, a fare that goes into downtown District of Columbia, the fare should be according to zone map, something like $4.75. Now, assuming that those numbers are reasonably accurate and something in that vicinity, you sat in a line behind 1,000 other drivers and got a $4.75 fare, what would you do? You would lie, cheat and steal to try to make a living. That is the problem here basically, there is very little incentive for even the most honorable driver to play according to the rules and consequently, they do not.

I have a number of friends that come into National Airport, business friends, and they say they have rode cabs in this town for 20 years, and they have never paid the same amount to go in and out at any one given time. It is a crap game, that is what it is. When you question the driver—I have done it—I say the last time I rode in a cab from here to there it cost $5, now you want $8. They say well, there is a special assessment charge for rush hour. It costs more when the weather is bad. If you have a cat in the box, that costs an extra dollar. If you don't have a cat, that is a buck and a half. They play little games in cabs. Is that the kind of public service we want in the Nation's Capital? I think not.

Let me say to you, I appreciate your extremely helpful testimony. I congratulate you, as the chairman has, on your initiatives as a member of the council. I wish you well with those. I appreciate your noting here in your testimony that the congressional recommendation on consolidation spurred in part the actions of the council. That is a very kind comment on your part—the action of the council. That is a very kind comment on our part and I think evidence of good faith—that in constructive involvement on the part of Congress in this and other issues. I congratulate you on the consolidation and increasing accountability and balance.

That is the good news.

Now, the bad news is, I am aware of the Hacker's License Requirement Act and the test administered and so forth, but I want to inquire just very quickly, I understand there is a principal director of that school, the licensing arrangement that was set up under that legislation, the training course, he is a professor at the University of District of Columbia?

Ms. **Kane**. Yes.

Mr. Barnes. Has he had any experience in the taxi industry in the past do you know?

Ms. Kane. Not to my knowledge, that gentleman has not personally, but there are staff people who are involved in assisting to develop that course and we are cognizant that this is a new course and will probably take——

Mr. Parris. I don't mean to deprecate the gentleman. I don't know him, I have heard his name. I submit to you that this is a pretty tough business. It is a very competitive business, and there are a lot of little tricks of the game, and my question to you basically, is there some kind of board or a commission, a group, that is supervising the testing program?

Ms. Kane. Currently the testing program is part of the department of public works. There is an advisory board. Under the new legislation it will be part of——

Mr. Parris. So it will be part of your consolidated activities?

Ms. Kane. Yes, as will supervision of the course.

Mr. Parris. I am informed, can you tell me, Ms. Kane, that even members of the board have been unsuccessful in obtaining a copy of the test. Do you have a copy of the test?

Ms. Kane. I do not have a copy of the test.

Mr. Parris. Have you ever seen one?

Ms. Kane. No, I have not. One of the things that we did in the——

Mr. Parris. We tried to get a copy and we were unable to.

Ms. Kane. One of the thing we did in the previous legislation was increase the pool of questions on the test. We found there is a problem in that. First, there was unlimited number of times one could take the test and take it over and over and over again until they passed. There would be very high failure rate the first time, but as one became familiar with the questions, lesser failure, right? So we increased the pool of questions that would be required by statute to be drawn from the test.

Mr. Parris. You required that in what?

Ms. Kane. The Hacker's License Act.

Mr. Parris. How many questions are on the test now, are you aware?

Ms. Kane. Sixty.

Mr. Parris. Previously there were 25, as I recall.

Ms. Kane. That is correct. We required a pool of 300 questions that 60 would be drawn from.

Mr. Parris. They are drawn at random each test?

Ms. Kane. Yes, sir.

Mr. Parris. The test is given how often?

Ms. Kane. Weekly. It is given weekly. We also limit the number of times that a person could take the test. If they fail three times, then they have to retake the course. Two requirements. First you have to take the course before you take the test, and you cannot continually take the test over and over again. If you fail three times, you have to go back through the course.

Mr. Parris. If you pass the test you are licensed for a period of 2 years. Is that still the same?

Ms. Kane. Yes.

Mr. Parris. And if one passes it, then you've passed forever?

Ms. **Kane**. Yes, unless——

Mr. **Parris**. Unless you lose your license?

Ms. **Kane**. That is right. It may be that this taxi commission might want to recommend refresher courses updating in service education.

Mr. **Parris**. I wonder, Ms. Kane, if it would be possible for this subcommittee even on a confidential basis—I have no desire to inhibit in any way the validity of the test—I just think it perhaps might be interesting to have, at least for members of the staff to review the thing, to get some concept of the test. Would that be possible?

Ms. **Kane**. I will certainly take that suggestion back. We had considered that this——

Mr. **Parris**. I would not.

Ms. **Kane**. We were very concerned about the integrity of——

Mr. **Parris**. In the old system—Ms. Kane, I am sure you have heard this before—it was multiple choice. You only had to pass 21 out of 25 questions. Basically what you did, you add up the service, and you hit it every time. That is not a test, it is a paper chase. Let me just ask one other question very quickly, Mr. Chairman. As I understand, one of the provisions of the new law is that the Mayor will have substantial responsibility for appointing all of the membership to the commission. Is that troubling to you that the council itself does not involve itself other than I guess a review of his——

Ms. **Kane**. The confirmation by the council is required, the advice and consent of the council.

Mr. **Parris**. What if—and I do not mean to impute any bad faith on the part of the Mayor—this is not a loaded question, but what if the Mayor simply loaded up the commission with people who are in favor of the status quo?

Ms. **Kane**. That, I would hope, would be something the council would look at in questioning each member as they come before us for confirmation. It is a normal pattern we use for most boards and commissions that I have real decisionmaking authority. The Mayor nominates the council, the council says no, the person doesn't go.

Mr. **Parris**. I would add rhetorically, should that happen—I expect and hope it will not—should it, I hope that you and perhaps other members of the council might make some modest protestations about the perpetuating of business as usual.

Ms. **Kane**. We expect to work very closely with the Mayor's office in developing the nominations for the council and looking for people who are most familiar with the industry and have the kind of integrity and breadth of knowledge that would make the commission work.

Mr. **Parris**. Finally, Ms. Kane, I say some things about the desirability of the meter system, which as we have indicated, works perfectly well in all other major metropolitan areas that I have been in literally in the world. You make comment there are valid arguments for implementing meters and to that I say, amen. Would you support that before the council?

Ms. **Kane**. If it comes from a taxi commission and reflects a consensus within the industry and among the consumer groups, yes, sir; I would. I would not be inclined, unless there were some strong evidence to the contrary, the fact had not been considered to want to overrule a decision of the commission—the purpose of having this commission requiring regular meetings, their review, the involvement of the taxi industry itself—is to have better informed decisions and recommendations coming out of it.

My personal view is at the moment, what needs to be done is reform in the zone system. The zone systems I think the public service commission has recently made a decision to put more subzones downtown. I personally, and I have commented on their proposal, think it will further concentrate taxies in the downtown area and further exacerbate the problem of removing the economic disincentives for service to the outlying areas of the District.

Mr. **Parris**. I thank you, Ms. Kane. Would you just state the obvious that meters are not going to solve all the problems in the world. You can still get in the meter cab at National Airport to go to the Capitol and go across Key Bridge instead of 14th Street.

Ms. **Kane**. It is open to many, many——

Mr. **Parris**. So much of what we are doing in terms of consumer protection these days in the United States is disclosure. That is what that little box up there is for. You can sit there and watch the numbers tick off. You know that it is not a $20 ride. If the meter said $4 it is going to be something close to that. It seems to me totally obvious on its face that there is some justification for that system, and I thank you very much for being here.

Mr. **Barnes**. Let me ask one other question following up on Mr. Parris' questions about the licensing system for drivers. I have been told that once a driver gets a license, that they then pass the licenses around to their friends who never took the course, never took the test. Is there any truth to that? Is that going on?

Ms. **Kane**. I believe that there is some substance to those.

Mr. **Barnes**. Then the whole system is meaningless.

Ms. **Kane**. One of the reasons that we—two things—one of the reasons we want more hack inspectors on the streets and concentrating on the drivers who tend to abuse the system in that way, tend to be drivers who are concentrated in the downtown area, the hotels, airport runs, et cetera. The presence of more hack inspectors who can check on those licenses which are called face—they are supposed to have the driver's picture on it—is going to help, I think, improve that situation and limit people's willingness to violate the law that way.

The other thing is that the public needs to be educated. This goes back to the question about zones versus meters, the public needs to be educated a lot more about the system. Part of the reason you get so many complaints about the zone system, we don't have a good way to inform people. You look at a little map on the taxi seat, it is hard to figure out exactly where you are and where you are going. The public needs to know if you get in a taxicab and there is not a face, there is not a picture of the driver with his license on the windshield, on the sunscreen, that that ought to be reported.

I have occasionally asked taxi drivers where their face is and sometimes simply legitimately be put someplace else. It is supposed to be up there where you can see it. Sometimes it is clear there is a violation and I have reported those vehicles to the hacker's appeals board.

Well, thank you very much for being here this morning. We very much appreciate it.

Mr. **Barnes**. Our next witness is Mr. Robert Thompson, administrator, D.C. Transportation Systems Administration, Department of Public Works, District of Columbia government, accompanied by Ronald Cox, assistant chief for inspectional service, Metropolitan Police Department. We appreciate your being here this morning. We look forward to hearing your testimony.

Mr. Thompson.

STATEMENT OF ROBERT O.D. THOMPSON, ADMINISTRATOR, TRANSPORTATION SYSTEMS ADMINISTRATION, DEPARTMENT OF PUBLIC WORKS, DISTRICT OF COLUMBIA GOVERNMENT, ACCOMPANIED BY RONALD COX, ASSISTANT CHIEF FOR INSPECTIONAL SERVICE, METROPOLITAN POLICE DEPARTMENT, AND LARRY GREENBERG

Mr. **Thompson**. Good morning, Chairman Barnes and members of the subcommittee. I am Robert O.D. Thompson, administrator of the D.C. Transportation Systems Administration, and I am pleased to appear before you today on behalf of the Mayor.

There are approximately 10,000 taxicabs operating in the Nation's Capital. The District of Columbia Metropolitan Police Department assigns four hack inspectors and one supervisor to monitor the taxicab industry. This division is charged with patrolling and making random checks for violations as well as responding to specific complaints. They report on incidents involving taxicab drivers to the hacker's license appeal board. Complaints received by the board include, overcharging, indirect routes, refusal to transport, failure to display identification, improper conduct, refusal to give receipts and the inability of the driver to change large bills. All consumer complaints are brought before the hacker's license appeal board.

Last year the board—there is a correction to my statement. There should be 572 complaints that the board heard, of which 172 were dismissed because of complainants failing to appear at the hearing. All other complaints were resolved by monetary fines, suspensions and/or revocation by the board.

Last year the District of Columbia enacted legislation aimed at improving the quality of taxicab service through rigorous training and testing of taxicab drivers. The Hacker's License Act became effective in March 1985. The act attempts to assure that drivers are fluent in English, knowledgeable of the city's major public buildings, hotels and other points of interest. They must also know the regulations and laws which apply to the operation of taxicabs.

The act establishes a 12-hour training course, conducted by the University of the District of Columbia, which covers these areas. The District of Columbia Bureau of Motor Vehicle Service administers an expanded and comprehensive multiple choice and essay examination mandated by the act. All new applicants for licenses to operate taxicabs, and present drivers whose licenses are suspended or revoked are required to take the course and/or examination.

In addition, the Hacker's License Act calls for a point system for violations by taxi drivers of taxicab regulations and general traffic laws while operating as a taxicab. The points are to be applied to a taxicab driver's hacker's license, and could lead, at a predetermined amount, to suspension or revocation of the hacker's license. The point system would be in addition to and not in substitution of the District's regular point system applicable to a driver holding a District of Columbia operator's permit.

At this time, the District's insurance requirements for taxicabs are not as comprehensive as those of surrounding jurisdictions. We do not believe that the District's insurance requirements for taxicabs are adequate. The recently passed Compulsory No Fault Motor Vehicle Insurance Act of 1982 Amendment Act of 1985, now before Congress, would increase the level of required coverage. In 3 years the level of required coverage would be increased to the minimum levels required under the amendment act for other District of Columbia motorists. In the interim period, the Mayor would be required to increase annually the minimum level of liability insurance that the taxicab drivers must carry. Taxicabs are inspected along with other vehicles at our inspection stations, however, taxicabs are required to be inspected twice a year.

The District of Columbia is the only government in this area which operates vehicle inspection stations that service private and commercial vehicles. In addition to the safety and exhaust emission inspection applicable to all vehicles, taxicabs are required to be inspected for conformance to the District's Public Service Commission regulations regarding appearance, lettering and special equipment, such as cruising lights, public information cards, and color scheme.

We acknowledge that there is room for improvement in our procedures for inspecting taxicabs. However, the problems are not major and have not compromised the overall safety of taxicabs licensed to operate in the District. For example, information made available to us by insurance companies in this region indicate that in accidents involving District licensed taxicabs, mechanical failure by taxicabs was not a factor in the overwhelming majority of cases.

In order to improve our inspection procedures for all vehicles, especially taxicabs, we have hired a manager with the necessary expertise to oversee the inspection operation and recommend improvements to the program. Also, additional supervisory personnel have been assigned to each inspection lane to evaluate the quality of the inspector's work, and to make the final decision as to whether a vehicle passes or fails inspection.

In addition, we plan to improve our recordkeeping so that we will know at the time a taxicab is due for registration renewal whether it has been inspected and approved. In general, a greater emphasis has been placed on all aspects of taxicab inspection, leading to a slight increase in the number of taxicabs failing inspection.

In conclusion, we wish to assure the subcommittee that the government of the District of Columbia is aware of the importance of a healthy taxicab industry which meets the needs of the citizens and visitors of the District of Columbia.

Mr. Chairman, I thank you on behalf of the Mayor of the District of Columbia for this opportunity to share our position with this subcommittee. I, and members of my staff, will be happy to respond to any questions you or members of the subcommittee may have at this time.

I would like to also take this opportunity to say that at my right is Larry Greenberg, who oversees the motor vehicle operation, here at the table with me.

Thank you.

[The prepared statement of Mr. Thompson follows:]

Prepared Statement of Robert O. D. Thompson

GOOD MORNING CHAIRMAN BARNES AND MEMBERS OF THE SUBCOMMITEE. I AM ROBERT O.D. THOMPSON, ADMINISTRATOR OF THE D.C. TRANSPORTATION SYSTEMS ADMINISTRATION, AND I AM PLEASED TO APPEAR BEFORE YOU TODAY ON BEHALF OF THE MAYOR.

THERE ARE APPROXIMATELY TEN THOUSAND TAXICABS OPERATING IN THE DISTRICT OF COLUMBIA. THE D.C. METROPOLITIAN POLICE DEPARTMENT ASSIGNS FOUR HACK INSPECTORS AND ONE SUPERVISOR TO MONITOR THE TAXICAB INDUSTRY. THIS DIVISION IS CHARGED WITH PATROLLING AND MAKING RANDOM CHECKS FOR VIOLATIONS AS WELL AS RESPONDING TO SPECIFIC COMPLAINTS. THEY REPORT ON INCIDENTS INVOLVING TAXICAB DRIVERS TO THE HACKER'S LICENSE APPEAL BOARD. COMPLAINTS RECEIVED BY THE BOARD INCLUDE: OVERCHARGING, INDIRECT ROUTES, REFUSAL TO TRANSPORT, FAILURE TO DISPLAY IDENTIFICATION, IMPROPER CONDUCT, REFUSAL TO GIVE RECEIPTS AND THE INABILITY OF THE DRIVER TO CHANGE LARGE BILLS. ALL CONSUMER COMPLAINTS ARE BROUGHT BEFORE THE HACKER'S LICENSE APPEAL BOARD. LAST YEAR THE BOARD HEARD 400 COMPLAINTS OF WHICH 172 WERE DISMISSED BECAUSE THE COMPLAINANT FAILED TO APPEAR AT THE HEARING. ALL OTHER COMPLAINTS WERE RESOLVED BY MONETARY FINE, SUSPENSION OR REVOCATION BY THE BOARD.

LAST YEAR THE DISTRICT ENACTED LEGISLATION AIMED AT IMPROVING THE QUALITY OF TAXICAB SERVICE THROUGH RIGOROUS TRAINING AND TESTING OF TAXICAB DRIVERS. THE D.C. HACKER'S LICENSE REQUIREMENT ACT, BECAME EFFECTIVE IN MARCH OF 1985. THE ACT ATTEMPTS TO ASSURE THAT DRIVERS ARE FLUENT IN ENGLISH, KNOWLEDGEABLE OF THE CITY, MAJOR PUBLIC BUILDINGS, HOTELS AND OTHER POINTS OF INTEREST.

THEY MUST ALSO KNOW THE REGULATIONS AND LAWS WHICH APPLY TO THE OPERATION OF TAXICABS. THE ACT ESTABLSIHES A TWELVE HOUR TRAINING COURSE, CONDUCTED BY THE UNIVERSITY OF THE DISTRICT OF COLUMBIA, WHICH COVERS THESE AREAS. THE D.C. BUREAU OF MOTOR VEHICLE SERVICES ADMINISTERS AN EXPANDED AND COMPREHENSIVE MULTIPLE CHOICE AND ESSAY EXAMINATION MANDATED BY THE ACT. ALL NEW APPLICANTS FOR LICENSES TO OPERATE TAXICABS, AND PRESENT DRIVERS WHOSE LICENSES ARE SUSPENDED OR REVOKED ARE REQUIRED TO TAKE THE COURSE AND/OR EXAMINATION.

IN ADDITION, THE HACKER'S LICENSE REQUIREMENT ACT CALLS FOR A POINT SYSTEM FOR VIOLATIONS BY TAXI DRIVERS OF TAXICAB REGULATIONS AND GENERAL TRAFFIC LAWS WHILE OPERATING AS A TAXICAB. THE POINTS ARE TO BE APPLIED TO A TAXICAB DRIVER'S HACKER'S LICENSE, AND COULD LEAD, AT A PRE-DETERMINED AMOUNT, TO SUSPENSION OR REVOCATION OF THE HACKER'S LICENSE. THE POINT SYSTEM WOULD BE IN ADDITION TO AND NOT IN SUBSTITUTION OF THE DISTRICT'S REGULAR POINT SYSTEM APPLICABLE TO A DRIVER HOLDING A D.C. OPERATOR'S PERMIT.

AT THIS TIME THE DISTRICT'S INSURANCE REQUIREMENTS FOR TAXICABS ARE NOT AS COMPREHENSIVE AS THOSE OF SURROUNDING JURISDICTIONS. WE DO NOT BELIEVE THAT THE DISTRICT'S INSURANCE REQUIREMENTS FOR TAXICABS ARE ADEQUATE. THE RECENTLY PASSED COMPULSORY/NO FAULT MOTOR VEHICLE INSURANCE ACT OF 1982 AMENDMENT ACT OF 1985, NOW BEFORE CONGRESS, WOULD INCREASE THE LEVEL OF REQUIRED COVERAGE. IN THREE YEARS THE LEVEL OF REQUIRED COVERAGE WOULD BE INCREASED TO THE MINIMUM LEVELS REQUIRED UNDER THE AMENDMENT ACT FOR OTHER D.C. MOTORISTS. IN THE INTERIM PERIOD, THE MAYOR WOULD BE REQUIRED TO INCREASE, ANNUALLY, THE MINIMUM LEVEL OF LIABILITY INSURANCE THAT TAXICAB DRIVERS MUST CARRY. TAXICABS ARE INSPECTED ALONG WITH OTHER VEHICLES AT OUR INSPECTION STATIONS HOWEVER, TAXICABS ARE REQUIRED TO BE INSPECTED TWICE A YEAR.

THE DISTRICT OF COLUMBIA IS THE ONLY GOVERNMENT IN THIS AREA WHICH OPERATES VEHICLES INSPECTION STATIONS THAT SERVICE PRIVATE AND COMMERCIAL VEHICLES. IN ADDITION TO THE SAFETY AND EXHAUST EMISSION INSPECTION APPLICABLE TO ALL VEHICLE, TAXICABS ARE REQUIRED TO BE INSPECTED FOR CONFORMANCE TO THE DISTRICT'S PUBLIC SERVICE COMMISSION REGULATIONS REGARDING APPEARANCE, LETTERING AND SPECIAL EQUIPMENT SUCH AS CRUISING LIGHTS, PUBLIC INFORMATION CARDS AND COLOR SCHEME.

WE ACKNOWLEDGE THAT THERE IS ROOM FOR IMPROVEMENT IN OUR PROCEDURES FOR INSPECTING TAXICABS. HOWEVER THE PROBLEMS ARE NOT MAJOR AND HAVE NOT COMPROMISED THE OVERALL SAFETY OF TAXICABS LICENCSED TO OPERATE IN THE DISTRICT. FOR EXAMPLE, INFORMATION MADE AVAILABLE TO US BY INSURANCE COMPANIES IN THIS REGION INDICATE THAT IN ACCIDENTS INVOLVING DISTRICT LICENSED TAXICABS, MECHANCIAL FAILURE BY TAXICABS WAS NOT A FACTOR IN THE OVERWHELMING MAJORITY OF CASES.

IN ORDER TO IMPROVE OUR INSPECTION PROCEDURES FOR ALL VEHICLES ESPECIALLY TAXICABS, WE HAVE HIRED A MANAGER WITH THE NECESSARY EXPERTISE TO OVERSEE THE INSPECTION OPERATION AND RECOMMEND IMPROVMENTS TO THE PROGRAM. ALSO, ADDITIONAL SUPERVISORY PERSONNEL HAVE BEEN ASSIGNED TO EACH INSPECTION LANE TO EVALUATE THE QUALITY OF THE INSPECTOR'S WORK, AND TO MAKE THE FINAL DECISION AS TO WHETHER A VEHICLE PASSES OR FAILS INSPECTION. IN ADDITION, WE PLAN TO IMPROVE OUR RECORD KEEPING SO THAT WE WILL KNOW AT THE TIME A TAXICAB IS ~~DUE~~ FOR REGISTRATION RENEWAL WHETHER IT HAS BEEN INSPECTED AND APPROVED.
IN GENERAL, A GREATER EMPHASIS HAS BEEN PLACED ON ALL ASPECTS OF TAXICAB INSPECTION, LEADING TO A SLIGHT INCREASE IN THE NUMBER OF TAXICABS FAILING INSPECTION.

IN CONCLUSION, WE WISH TO ASSURE THE SUBCOMMITTEE THAT THE GOVERNMENT OF THE DISTRICT OF COLUMBIA IS AWARE OF THE IMPORTANCE OF A HEALTHY TAXICAB INDUSTRY WHICH MEETS THE NEEDS OF THE CITIZENS AND VISITORS OF THE DISTRICT OF COLUMBIA. MR. CHAIRMAN, I THANK YOU ON BEHALF OF THE MAYOR OF THE DISTRICT OF COLUMBIA FOR THIS OPPORTUNITY TO SHARE OUR POSITION WITH THIS SUBCOMMITTEE. AND MEMBERS OF MY STAFF WILL BE HAPPY TO RESPOND TO ANY QUESTIONS YOU OR MEMBERS OF THE COMMITTEE MAY HAVE AT THIS TIME.

Mr. BARNES. Thank you, Mr. Thompson, we appreciate very much your being here on behalf of the Mayor and we are pleased to receive your testimony.

The Mayor has, as you know, indicated that there is an ongoing investigation into the allegations of corruption at the District of Columbia inspection stations. When did you first become aware of the problems under investigation?

Mr. THOMPSON. Mr. Chairman, off and on we have always felt that there was need for the very nature of that kind of operation, and incidentally, this is not inconsistent throughout the country. From time to time I think you will hear that practically all States are plagued with that kind of activity and that kind of program.

We have on and off been on our people for any number of years. The most recent investigation that we are involved in—I believe Chief Cox can tell you the exact date, which escapes me—but I wanted to point out to you that there has been other occasions when we were involved in improprieties and we have felt that we have resolved those satisfactorily. However, this kind of problem creeps up, as I say, from time to time and we are attempting to stay on top of it. We have decided long ago to seek expertise by going to the MPD. I believe that trained investigators are the only way to try and resolve those kinds of problems.

Mr. BARNES. Let me ask Mr. Cox then, the same question. When did the investigation start?

Mr. COX. Well, first, Mr. Chairman, let me assure you there is an ongoing investigation by the Metropolitan Police Department and the date that you are asking for—it began in November 1984. This is when Mr. Thompson first came to us with some requests for assistance for the allegations of bribery at the inspection stations.

The first concrete evidence that we had of any bribery that was brought to us by an independent source, a cab driver, occurred in June 1985. From the period of November, Mr. Thompson first came to us until June, we did have investigators assigned and we were working cooperatively with Mr. Thompson and his staff—some documents, research, recordkeeping, et cetera.

During that period of time we had asked them to make—we made some recommendations concerning some of the records that would help us facilitate our investigation. But as I said, in June when the cab driver came to us with the first complaint, the investigation intensified. From that point until now, there has been five other additional complaints that have been lodged by either a cab driver or a private citizen, nonpublic service vehicle. One of those complaints has been thoroughly followed up with a case jacket established in each one to affirm what was alleged to have happened.

In some instances there has been audio and visual recording of those complaints. And, so there is an ongoing investigation and it has been since Mr. Thompson came to us in November of 1984.

Mr. BARNES. When do you expect the investigation to be completed?

Mr. COX. Well, we are not sure. We have been working very cooperatively and closely with the U.S. attorney's office ever since the airing of this news broadcast. I might say that did step us back a little, back in what we were trying to do at the time. So we have been working with them to evaluate what is our strategy going to be from this point on and when to come forward with the information that we have to develop.

Mr. **Barnes**. Has anybody ever been arrested or prosecuted for this type of activity in the last, say, 10 years in the District of Columbia?

Mr. **Cox**. No, just on the most recent 5-year record that I think Mr. Parris made reference to, the *Curtis* case in 1982 was the only case that resulted in an arrest. That individual was found not guilty at the trial. From our own analysis of that case, due to what we considered to be malfunctions in surveillance equipment was one of the things at least that was instrumental in that decision. There has been six previous investigations conducted on allegations of bribery beginning in 1980 and each one of those was either unfounded or not sustained. They weren't able to say that it didn't happen, but they weren't able to say it was occurring at the same time either.

Mr. **Barnes**. Mr. Thompson, your testimony is relatively upbeat about the whole situation. You acknowledge some difficulties but on balance you seem to think things aren't so bad here.

There is a general image among the public that the taxicab problems in the District of Columbia are severe. That is a popular perception that doesn't seem to be your perception. To what would you ascribe the poor image of the taxicab industry in the District of Columbia? What are the reasons that the general public seems to think things are so bad?

Mr. **Thompson**. Mr. Chairman, I guess a combination of things. I have had a lot of experience in regulating the licensing and we have made constant changes. It is not that I don't have the feeling or the belief that we have some serious problems. I think just one complaint is enough. When the Government is accused of wrongdoing on the part of, whether it be in sectors or whether it is the people that we license to service the public, I don't make a distinction between those two.

I think especially in Washington the fact that there is any bit of notoriety about the problem of taxicab service, I guess I just don't have a real good opinion or good feel for how big the problem is. I think, as I have indicated before, that what we have attempted to do is to go to experts to resolve problems of impropriety. The problem of the taxicab industry, there is no question there is a lot of—not a lot, but a few bad apples in the basket. I think a system that is designed to deal with those that are creating the problem and obviously the new legislation that has taken place and about to take place, is equipped to deal with that. I think there will be certainly some notable difference in that respect.

I already get the feeling, based on the notoriety that has come forth in recent months, that there appears to be some change in all of this already that has begun. Before all of this, I think the big, big problem was lack of supervision on the street. I continue to believe that when we had declining enforcement on the street then the problem became a little bit persistent. Obviously the numbers indicate that it tended to be a little out of hand.

I still believe that there are a lot of good home-based cabdrivers in Washington that are basically honest, that do an extremely good job. I think if we were to evaluate it after all this is over, I think we will find that the greatest majority of the drivers are basically honest and do an exceptionally good job with the citizens and visitors to our city.

Mr. **Barnes**. One of the problems that everybody talks about is the overcharging, the problem which we have been discussing here this morning. We will get testimony later this morning that a survey was done by one industry group that found that 36.3 percent of the riders in that particular survey were in fact overcharged. So more than one out of every three individuals who got into a cab, at least in that survey, were overcharged. We obviously don't know if that is representative of the entire situation in the city. But that in and of itself is pretty damaging testimony that we are going to be receiving in a little while from other witnesses.

Is that consistent with what you have seen in the past in your analysis of what is going on? Is this a serious overcharging problem?

Let me add a second question to that. If there is, is one way to deal with it the meters?

Mr. **Thompson**. I really think meters would change that perhaps, but I am not certain that I concur that meters is the total answer to the problem of overcharging. I think, even as Congressman Parris has indicated, there is an opportunity for cheating even with meters. I think that once we get the legislation in place, obviously all of the notoriety that is taking place now is going to change the population of drivers that persist in cheating the public. I think a combination of all of these things are going to be workable for us.

Mr. **Barnes**. You have testified that you have got four inspectors. Did I read that correctly?

Mr. **Thompson**. Currently the Metropolitan Police Department assigns four hack inspectors to oversee the enforcement of taxicab drivers.

Mr. **Barnes**. 10,000 cabs?

Mr. **Thompson**. The new legislation that Ms. Kane indicated will give us an additional—I think there is five additional coming on this year—that are going to be hired. They will be civilian hack inspectors and then the new bill that the Mayor I understand has recently signed will appoint some additional ones, which will give us a total of 12 to 16 on the street.

Mr. **Barnes**. It sure doesn't sound like that is enough inspectors. Can one inspector keep track of a thousand cabs and do a decent job of tracking the situation?

Mr. **Thompson**. While any member of the Metropolitan Police Department can supervise cabs, what we are saying is that there are four currently under the supervision of the police that are assigned specifically for hack enforcement. But at any time when there is a complaint on the street, any members of the Metropolitan Police Force can supervise and do write tickets for cabdrivers.

Mr. **Barnes**. You say in your testimony that you believed the insurance requirements for taxicabs are not adequate. Are you proposing steps, is there going to be action to deal with that?

Mr. **Thompson**. Yes. Currently there is legislation that is going to deal with that. When the District went into its mandatory no fault law, I think we at that time did not include taxicabs because we thought there needed to be more study done as to what system would be workable for taxicabs. I think they now have some answers to those questions and there will be legislation that will deal with that in the very near future.

Mr. **Barnes**. Thank you, Mr. Thompson.

Again, I know I speak for a lot of Members of Congress who have told me of the complaints they received from their constituents who have come to town from other parts of the country. It is an embarrassment to our Nation's Capital when a visitor is overcharged or gets into a cab that is just a rolling disgrace. There are many cabs in this city that shouldn't be on the streets and I am sure you and I have both been in them recently. We need to address the problems and I am impressed to hear that you are conscious of the problem and want to deal with it.

We want to help you in any way possible. We want to see the police department prosecute those individuals who are responsible for violations of the law, that permit these kinds of situations to exist. It is important to our Nation's Capital. I don't mean to overstate it, but I believe it is important to our Nation's image.

We are going to try to get this rider out of the appropriations bill and you will have a lot of support up here for attempts to improve the cab system.

Mr. Parris.

Mr. **Parris**. Thank you, Mr. Chairman.

Mr. Cox, on the *Curtis* case, I am informed back in 1982, as you have indicated, that this was a taxicab driver that had alleged improprieties in inspection and that sort of thing and you gentlemen wired him with a tape recorder which didn't work. The case was dismissed for insufficient evidence. The whole process was kind of a game.

Mr. Cox. Basically, Mr. Parris, I wasn't there at the time. It is my understanding that the device that was used was not working.

Mr. **Parris**. We presume it would have shown the same kind of things we saw on the television screen of several weeks ago or so, which even at that time—this is 3 or 4 years ago now—the allegations were that the situation existed at that time. I would say to you, Mr. Thompson, I congratulate you on the statement by Mr. Cox you weren't in the police department in November of last year, of 1984, and indicated there was some suggestion of impropriety and that sort of thing, and that being the case, I congratulate you on that action.

But my question is, I am sure you have seen the recent media reports of the conditions that exist down there and certainly you must have had some indications that those conditions were in fact existing there or you would have not gone to the police department. The pictures that we saw, I understand they are not evidence, they are pictures, and any reasonable human being can draw some reasonable conclusions from just watching money being passed and that sort of thing.

What does that mean? These gentlemen aren't playing cribbage, they are there to get their taxicabs inspected. Middlemen and inspectors, supervisors—it is true isn't it, that situation is just shot through with corruption?

Mr. **Thompson**. Let me comment on just a few things because I went over extensively the tape. I solicited the reporter's cooperation to work with myself and the investigator that we have had assigned, because we really wanted to go more thoroughly through the tape. I noted in looking at it, I couldn't find the tag number so I could recall that car back. I wasn't privy to the tape nor was I able to obtain that.

In one instance I think—I don't know what the reason was—on the tape there was a tag number that was blocked out or there was no tag number visible to me so that I would be able to have a starting point to recall the car.

Each day that I spend on the street I collect tag numbers and recall vehicles in for inspection that in my own mind I have some question about whether or not they would pass inspection. Just recently, coming into the hearing this morning, I noted a car right on Capitol Hill, on the west side of the building here, that did not appear to be—it was not a taxicab, in good operating condition because the driver, in opening the door reached outside, had to roll the window down, had to reach outside to open the door. I have his tag number right here. I intend to call him in also. When I looked at his vehicle I found an expired inspection sticker on there.

These are problems that I have constantly brought to members of the staff. That includes our parking control aides, all of the people that do on street work, or advise, to feed this kind of information back into us so that we can put stops on registration renewals, so that we can recall people for inspection.

Unfortunately, let me reiterate, the tape does not give us enough information to even make an accusation. The lack of being able to find a cab number, or the type of cab, or in most instances the tag number prevented me from going forward further to try and resolve that particular complaint so I can answer it with some sense to you.

Mr. PARRIS. Mr. Thompson, you can't be the sole vigilante driving around the District of Columbia enforcing the law by yourself. That is ludicrous. My question is, how do you justify a person who is not even an employee of the District of Columbia lining up four or five cabs—which I will bet you all the money I own he has been told to do, the word is show up at 5:30 o'clock, get in line first, and we line your four or five cabs that have been paid for up first, then we go fix it, then he goes in with the keys to the government facility, turns on the lights, gets the coffee going, opens the door, and how do you justify that person who has no connection with the facility at all doing all of that?

Mr. THOMPSON. We don't justify that, Congressman.

Mr. PARRIS. Why is he doing it?

Mr. THOMPSON. We changed it. Unfortunately, what we have is a situation where we have had inspections since 1939 and a lot of the new supervisors that we have there, a lot of the practices were passed on to them. It is inexcusable. We have to know these things in order to correct them. Oftentimes when we do our spot checks of some of these facilities, these things are not apparent. The gentleman in question did not have a key to the inspection station that he takes home with him. My investigation of that revealed that he reports to the inspection station each morning, that he was assisting.

Mr. PARRIS. What, at 5:30 o'clock?

Mr. **Thompson**. Obviously.

Mr. **Parris**. You don't really believe that?

Mr. **Thompson**. Obviously his motives were ill, we know that now. We have corrected that.

Mr. **Parris**. There has been no disciplinary action taken against the people at the station as a result of the TV series?

Mr. **Thompson**. We issued rules of procedures resulting in each instance that came to our attention via media and by putting one of the supervisors that we have in the transportation system administration—he is currently out there writing procedures and directly overseeing the operation of the stations. Obviously we have met some bad practices on the part of our supervisory—not only supervisory but our own personnel out there. We are attempting to correct all of those, not just a few that we have already corrected.

Another problem that we are constantly faced with, as every jurisdiction that operates that kind of business, we are faced with solicitation on the part of the public. There are not many days that go by that our honest inspection personnel don't tell us about members of the public who come out and solicit also. As a result, several months back, perhaps even more than a year, we placed warning signs at the entrances to our inspection stations warning members of the public entering there that we would prosecute any attempts——

Mr. **Parris**. Mr. Thompson, a little metal sign that says bribing people is against the law is not, in my opinion, terribly effective in the enforcement of the law. We have signs everyday saying don't overpark, don't spit on the street, don't engage in shoplifting, but it happens all the time.

Now, I don't mean to deprecate your efforts and I don't mean to be personally critical, it just isn't working, is it?

Mr. **Thompson**. Yes, sir; I believe it is working.

Mr. **Parris**. You don't think there is a problem?

Mr. **Thompson**. I don't believe that we have widespread corruption problems in our inspection stations.

Mr. **Parris**. You may be the the only one in this room that believes that, Mr. Thompson.

Let me change that. The time doesn't permit as much as I would like. I would like to add my comment to those of the chairman in terms of our suggestion that insurance levels are inadequate, because gosh knows they are. As I understand it, it is $5,000 $10,000 $20,000 some minimum insurance coverage, whatever that is, in Virginia. Liability taxicab required $300,000 I am told.

You indicated in your statement, that the no fault insurance compulsory program just adopted would increase the level of required coverage to what level?

Mr. **Thompson**. We have that information available.

Mr. **Greenberg**. The new insurance coverage will be—instead of the old $5,000—will be $10,000 for property damage, third-party liability will be $25,000 for one person and $50,000 per group accident.

Insured motor coverage—bodily injury per person will be $25,000 per person, $50,000 per accident, and the new coverage there is two optional tiers. First tiers will be medical rehabilitation expenses $100,000, work loss, $24,000, funeral expenses at $2,000. And second tier will be medical and rehabilitation expenses at $50,000, work loss at $12,000 and funeral expenses at $2,000.

Mr. **Parris**. You make the comment in your testimony that the Mayor would be required to increase annually the minimum level of liability insurance. Is that the first tier; is that the maximum requirement under the law? What are the numbers that this gentleman just gave us?

Mr. **Thompson**. That is minimum.

Mr. **Parris**. Will they be increased over the 3-year period, over the future period? If so, to what?

Mr. **Greenberg**. After a 3-year period it will bring it up to this level.

Mr. **Parris**. Between now and then, 3 years from now it will be the level you indicate?

Mr. **Greenberg**. That is right.

Mr. **Parris**. For any injury. In a major automobile accident you really believe that $25,000 total coverage is adequate? I regret, in addition that it is no fault. I think that it is purely going to escalate the cost to the average motorist.

That is an issue for another day. I just respectfully submit that those kind of coverages are inadequate in today's world. We will see about that.

Finally, Mr. Chairman, I appreciate your consideration and cooperation of the time here.

Mr. Thompson, I would take modest exception with your categorization that there is not a major problem in this area. The safety of the public is being compromised by criminal activity, which I am sure you don't condone as a human being, as an individual, as a representative of the government. But if in fact it is going on, then you do have a major problem, Mr. Thompson, I believe, and the fact is that I and my staff have been contacted by a number of cab drivers in the past 2 months—I am sure the same is true of my friend, Mike Barnes—not one of whom has denied to us that extortion is the name of the game in the taxicab industry in this city. That for inspections, for insurance, all the rest of it, you simply have to pay off the right person.

Every single one of them that we talked to are just simply tired of being forced into that position of breaking the law in order to do it. They don't like it, they don't like the money it costs them. They don't think it is fair that if they don't pay off they get rejected for a paint chip on the side of the cab. If you do pay off, you can go through with an average cab life in the city being more than 10 years.

Some drivers brag about the fact that their individual vehicle has half a million miles on it and the tires are bald and the brakes don't work and the lights are out but, by God, I am out there everyday driving it. That is not right.

The question is why doesn't the District government simply acknowledge that this thing is shot through with problems of a serious nature. Why don't you do something about it for a change, instead of having an ongoing investigation which, as I have indicated earlier today, is one time it was said it has been going on for 6 years. We have testimony of hearings in the Senate in 1972 where if you change the players, the complaints and the situation is exactly the same. That is 14 years ago. Why don't we do something in the real world?

Mr. **Thompson**. Congressman Parris, I think we are doing something. I think we have been doing something all along and it is for that reason that I base the statement that while we do admit we have some corruption, from as much information as I have been able to gather, I am not of the opinion it is widespread. I concede that one case of corruption—one case where there is a solicitation for money on the part of the government employee, and I know one case where the car goes out of our inspection station, and in an unsafe condition, is enough to be alarming. I think we have taken the appropriate steps. I am confident that it is going to totally resolve the matter for us. In the interim we have been seriously working toward those other improvements that will rectify it so that the problem, if it does occur in the future, it will be immediately spotted by us.

I just have a feeling that we are on top of it this time and for that reason, I am of the opinion it is not widespread corruption.

Mr. **Parris**. We wish you well in that effort, Mr. Thompson, and I thank you for being here this morning.

Mr. **Thompson**. Thank you, Congressman.

Mr. **Barnes**. Thank you very much. We appreciate your being here and as Mr. Parris said, we sure wish you well. If you can solve all of these problems, God bless you. You will have a lot of support up here and you will have a lot of citizens of the area who will be very pleased.

Thank you, gentlemen.

Mr. **Thompson**. Thank you, Mr. Chairman.

Mr. **Barnes**. Our next witness will be Mr. William J. Wright, chairman, the Taxicab Industry Group, accompanied by Mr. Fred D. Matthews, executive secretary, the Taxicab Industry Group, and Mr. Daniel Smith, president, Eastern Cab Co.

Gentlemen, we appreciate your being here this morning.

Mr. Wright, would you like to lead off, sir?

STATEMENT OF WILLIAM J. WRIGHT, CHAIRMAN, THE TAXICAB INDUSTRY GROUP, ACCOMPANIED BY FRED MATTHEWS, EXECUTIVE SECRETARY, THE TAXICAB INDUSTRY GROUP, AND DANIEL SMITH, PRESIDENT, EASTERN CAB CO.

STATEMENT OF WILLIAM J. WRIGHT

Mr. **Wright**. Yes sir. I want to extend a thanks to the chairman and to Mr. Parris. We appreciate this opportunity to be here today. I would like to read the statement we prepared, if I may.

We are here today as a result of an invitation extended to us in your letter dated January 15, 1986, as chairman of the Subcommittee on Government Operations and Metropolitan Affairs. We appreciate this opportunity to testify before your committee regarding the matters outlined in your letter, as well as an opportunity to express our views relative to these matters.

In your letter, you invited us to comment on the following:

One. Is the fare structure sufficient to provide the driver an adequate income?

Two. Should taxicabs with meters be allowed in the city?

Three. Should there be a limit on the number of taxicab licenses in the city?

Four. Is enforcement of taxicab regulations and standards adequate?

Five. You solicited our comment on the new city council legislation to establish a District of Columbia Taxicab Commission and whether or not this legislation will improve taxi service.

With regard to No. 1, the last fare increase our industry received was a stipulated across-the-board increase of 22 percent by all parties involved. This order number 8212 was issued March 24, 1985. This was designed to give a cab driver a $12.98 per hour gross income and a net of $7.81. Based on the comments that we have received from the drivers, companies, and associations, we feel that this increase was well received by all parties involved. We have not received any indication of a loss of ridership as a result of the raise, and the drivers have indicated very strongly that they were rather pleased with it. In this industry, that is a very satisfactory experience where we can have the raise a driver needs to operate and yet maintain a fare structure that our riding public accepts and can afford.

With regard to No. 2, every survey that we have taken of the drivers of the District of Columbia, the drivers have indicated very strongly that they did not want meters. In addition, every survey that the public service commission has hired consultants to do, that dealt with this subject, resulted in a finding that the drivers nor the public wanted meters. See attached excerpts from the study done by associate professor, Charles Olsen, Ph.D., and assistant professor, Phillip Kuehl, Ph.D., from the University of Maryland, hired by the public service commission.

With regard to No. 3, the last survey we took from the drivers revealed a slight preference for limitations. Because this position was unusual for our drivers to take, we inquired of several drivers in various companies regarding their thinking on this matter and we found that almost every driver questioned, the answer was that while they had previously opposed limitations, they now felt that limitations would get the foreign drivers off the street. Of course, we know that limitations will not result in getting foreign drivers off the street and the Taxicab Industry Group does not embrace this concept.

With regard to No. 4, at the present time there are only four hack inspectors. We have testified before the city council over the last few years that the number of hack inspectors to enforce regulations is quite inadequate. Whatever problems we are having in the industry stems from a lack of adequate enforcement of regulations but not the personnel to enforce them. In all fairness to this administration, we once had more than enough hack inspectors, and there were at that time some abuses that we felt resulted from this oversupply, thus the number was reduced. But now, because of the change in the complexion of the personnel of the driving population, demands for a higher level of enforcement to protect the integrity of the industry are in order.

At this time, we wish to further comment on these matters and express some added views we have regarding the issues you have raised.

With regard to meters and limitations—and meters and limitations do go together—it is our considered opinion derived out of many working years in the industry in our city and conversations with people in other cities, meters are not a cure-all for the illnesses alluded to in our industry.

It has been said that Washington, DC, is the only major city in the United States that still retains the zone system. Our experiences have taught us that this is good, for we maintain a system that everyone, rich and poor, can afford to ride—the maid who works in Chevy Chase, as well as the banker who lives in Chevy Chase.

On the other hand, the meter system would encourage concentration of the taxicabs of the industry in the highest trip frequency areas of the city, as well as the wealthier areas. The poor person who might be in desperate need of taxicab service would be neglected as is evidenced in many of our exhibits which we invite you to review. On the contrary, the zone system in our city encourages and accommodates the roaming of cabs throughout all areas of the city.

We believe the meter system does not adapt conveniently to the handling of many aspects of special rider needs as that of the zone system. In our city we have a system for handling many of the sick, the elderly, the handicapped, both mentally and physically. And one of the greater features of our system is that anyone who may have need to use our taxicab service, with limited funds, may do so by calling any of the many cab companies/associations that we have or by stopping a cab on the street and inquiring of the fare. Meter system does not accommodate this wonderful opportunity.

The long and short of the matter is people drive cabs and people don't always do what they are supposed to do.

Metered cabs substantially denies independent ownership and, of course, basically confines the working cab drivers to a rental or a hired personnel level. Again, we invite your attention to our exhibits. In our system the ordinary, humbly trained persons have an opportunity to enter business, lift their sense of dignity and pride and respect for themselves and their families. We don't think that working people of this community should be denied that opportunity.

Mr. Matthews and I both signed this and we were speaking for our industry. Again, we appreciate the opportunity to be here and we would be glad to answer any questions, if we can, that you may ask.

Mr. Barnes. Thank you, Mr. Wright.

[The prepared statement and exhibits of Mr. Wright follow:]

THE TAXICAB INDUSTRY GROUP
1033 THIRD STREET, NORTHEAST • WASHINGTON, D.C. 20002

TELEPHONES: 546-1975 — AD 2-3700

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Chairman
WALTER D. WINEGAR
Vice Chairman
FRED D. MATTHEWS
Executive Secretary

HENRY P. WILEY, SR.
Chaplain
FRANCIS MEDINA
Secretary
ROBERT TAYLOR
Treasurer

January 24, 1986

Honorable Michael D. Barnes
Chairman
Subcommittee on Government Operations
and Metropolitan Affairs
U.S. House of Representatives
Committee of the District of Columbia
Longworth House Office Building, Room 1310
Washington, D.C. 20515

Dear Mr. Barnes:

We are here today as a result of an invitation extended to us in your letter dated January 15, 1986 as Chairman of the Subcommittee on Government Operations and Metropolitan Affairs. We appreciate this opportunity to testify before your Committee regarding the matters outlined in your letter, as well as an opportunity to express our views relative to these matters.

In your letter, you invited us to comment on the following:

1. Is the fare structure sufficient to provide the driver an adequate income?

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3. Should there be a limit on the number of taxi licenses in the city?

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5. You solicited our comment on the new City Council legislation to establish a D.C. Taxicab Commission and whether or not this legislation will improve taxi service.

With regard to No. 1, the last fare increase our Industry received was a stipulated across the board increase of 22% by all parties involved. This Order No. 8212 was issued March 24, 1985. This was designed to give a cab driver a $12.98 per hour gross income and a net of $7.81. Based on the comments that we have received from the drivers, companies/associations, we feel that this increase was well received by all parties involved. We have not received any indication of a loss of ridership as a result of the raise, and the drivers have indicated very strongly that they were rather pleased with it. In this Industry, that is a very satisfactory experience where we can have the raise a driver needs to operate and yet maintain a fare structure that our riding public accepts and can afford.

With regard to No. 2, every survey that we have taken of the drivers of the District of Columbia, the drivers have indicated very strongly that they did not want meters. In addition, every survey that the Public Service Commission (PSC) has hired consultants to do, that dealt with this subject, resulted in a finding that the drivers nor the public wanted meters. See attached excerpts from a study done by Associate Professor Charles Olson, Ph.D. and Assistant Professor Phillip Kuehl, Ph.D. from the University of Maryland, hired by the PSC.

With regard to No. 3, the last survey we took from the drivers revealed a slight preference for limitations. Because this position was unusual for our drivers to take, we inquired of several drivers in various companies regarding their thinking on this matter and we found that almost every driver questioned, the answer was that while they had previously opposed limitations, they now felt that limitations would get the foreign drivers off the street. Of course, we know that limitations will not result in getting foreign drivers off the street, and the Taxicab Industry Group (TIG) does not embrace this concept.

With regard to No. 4, at the present time there are only four hack inspectors. We have testified before the City Council over the last few years that the number of hack inspectors to enforce regulations is quite inadequate. Whatever problems we are having in the Industry stems from a lack of adequate enforcement of regulations that are already on the books. We have more than enough rules and regulations but not the personnel to enforce them. In all fairness to this administration, we once had more than enough hack inspectors, and there were at that time some abuses that we felt resulted from this over supply, thus the number was reduced; but now because of the change in the complexion of the personnel of the driving population, demands for a higher level of enforcement (more hack inspectors) to protect the integrity of the Industry are in order.

With reference to No. 5, we believe that City Council Bill 6-159 as revised and in the final amended form in which it was passed, establishing for the first time a Taxicab Industry Commission, will aid and improve taxicab service for both the riding public and the taxicab drivers. We are sure the public can appreciate this, and of course, we certainly do.

At this time we wish to further comment on these matters and express some added views we have regarding the issues you have raised.

With regard to meters and limitations--and meters and limitations do go together--it is our considered opinion derived out of many working years in the Industry in our city and conversations with people in other cities, meters are not a cure-all for the illnesses alluded to in our Industry.

It has been said that Washington, D.C. is the only major city in the United States that still retains the zone system. Our experiences have taught us that this is good for we maintain a system that everyone, rich and poor, can afford to ride -- the maid who works in Chevy Chase, as well as the banker who lives in Chevy Chase.

On the other hand, the meter system would encourage concentration of the taxicabs of the Industry in the highest trip frequency areas of the city, as well as the wealthier areas. The poor person who might be in desperate need of taxi service would be neglected as is evidenced in many of our exhibits which we invite you to review. On the contrary, the zone system in our city encourages and accommodates the roaming of cabs throughout all areas of the city.

We believe the meter system does not adapt conveniently to the handling of many aspects of special rider needs as that of the zone system. In our city, we have a system for handling many of the sick, the elderly, the handicapped, both mentally and physically. And, one of the greater features of our system is that anyone who may have need to use our taxi service, with limited funds, may do so by calling any of the many cab companies/associations that we have or by stopping a cab on the street and inquiring of the fare. Meter system does not accommodate this wonderful opportunity.

The fare of a meter cab can fluctuate any day or night to and from the same points. A further review of our exhibits will reveal that in other major cities throughout the United States where meters and limitations are in use that complaints of all descriptions are made against the cab drivers of those cities, including drivers who fail to pickup and deliver fares, and drivers who sometimes put people out of their cabs. One has to go no further than Alexandria, VA for evidence of abuses. See Exhibit #1. And, they have meters and limitations.

The long and short of the matter is people drive cabs and people don't always do what they are suppose to do.

Metered cabs substantially denies independent ownership and, of course, basically confines the working cab drivers to a rental or a hired personnel level. Again, we invite your attention to our exhibits. In our system the ordinary humbly trained persons have an opportunity to enter business, lift their sense of dignity and pride and respect for themselves and their families. We don't think that the working people of this community should be denied that opportunity.

See Exhibits 1-17.

Sincerely,

William J. Wright
William J. Wright
Chairman

F. D. Matthews
Fred D. Matthews
Executive Secretary

Attachments

EXHIBIT 1

THE WASHINGTON POST Friday, January 7, 1983 [illegible] B5

Alexandria Trying to U-Turn Its Taxis' Image With New Laws

By Michel Marriott
Washington Post Staff Writer

Alexandria officials say they hope new taxicab regulations that go into effect next month will produce a gradual turnabout in a taxi industry that has acquired a reputation as one of the worst in the Washington area.

"When visitors come to Alexandria," said Deputy Police Chief Orlen Justice, "the first thing they see is our cabs. And when they [the drivers] are less than courteous or overcharge, that gives our city a bad name."

Alexandria's taxi troubles are rooted in the city's lax regulation of cabs and the fact that many of the gypsy cabs operating out of National Airport carry Alexandria licenses.

For years, critics have complained that many of 567 cabs certified to operate by Alexandria are registered in the city only because it is easier to win certification there than in any other Washington jurisdiction.

Critics charge that this has led to Alexandria cabdrivers who don't even want to go to Alexandria from National Airport—a modest fare compared with a trip to Washington or Reston. Alexandria's only hack inspector receives hundreds of complaints about city cabs for grossly inflated fares and drivers who threaten and intimidate their passengers, authorities say.

Last month, after weeks of debate, the City Council unanimously approved 11 pages of amendments to the city's taxicab code. Most of the changes, all of which pertain to how cabs are certified, are designed to give the city more authority to regulate the numbers of taxis certified in Alexandria.

Besides the hundreds of cabs certified already, applications are pending for another 90. Mayor Charles E. Beatley Jr. and other officials have complained to police that that is too many.

Even some taxi industry officials support the new code. "It will strengthen the industry as a whole," said Robert Werth, general manager of Alexandria Diamond Cab. "It will bring stability to the industry."

City law now specifies that Alexandria taxis must do at least 51 percent of their work in the city, but Beatley says 90 percent of the city-certified cabs do most of their work at National.

A major section of the new code, said Assistant City Manager Michele Evans, is a provision that orders City Manager Douglas Harman each year to review the city's taxi needs and approve certification applications on the basis of the review's findings. Applicants must explain why the city needs another cab certified.

Hopes are that the hack inspector, previously responsible for certifications, will be able to keep a closer watch on Alexandria cabs. In addition to the annual review, Evans said, the code will limit certificate applications to between May 1 and May 10. And they will only be reviewed once a year, unlike the present procedure that accepts applications year round and reviews them monthly.

Evans said the code will give the city a chance to weigh its need for taxis against industry demands to increase their fleets. She said it is unlikely that the number of city cabs will grow as it has in recent years.

The new measure, however, should not affect current certificate holders because they will only have to seek an annual renewal, a much less exhaustive process.

"We hope to stabilize the system over the next couple of years," Evans said.

EXHIBIT 2

Sept 1953

Taxi News Digest. – Boston, Mass

This Column Should Never

. . . BE WRITTEN! But complaints of late have been more loud, more bitingly articulate, and more frequent . . . all about refusals, sarcastic, bad-mouth insults, dirty cabs, dirty drivers, and overcharging. The complaints come from people who have had the unfortunate experience of taking the "wrong" cab at the "right" place.

Any passenger who is sober and orderly has the right to choose a cab for proper purposes, and may expect instant transportation and to be taken to the exact destination. To argue this point belies the entire concept of the taxicab.

The taxicab, from way back in the Roman days, was a vehicle designed to carry passengers from one point to another, over the most expedient route, charging a reasonable rate, and driven with extreme safety. The expedient route means (usually) the shortest and quickest way. A reasonable rate means an amount that will be commensurate with the distance travelled and the time involved. And extreme safety means not even one percent of negligence, because negligence costs money in more ways than one.

One chap in a top flight managerial position who travels in and out of Boston almost weekly voiced his outrage at several cab drivers for being sloppily dressed, with dirty cabs, and being given to snarling when finding out the destination came to less than a $20 ride. This chap now, when arriving at Logan, either hires a rent-car or takes a limousine into the city. He told of a cab driver asking him not to take his cab to the Statler Office Building (where he was going to an early meeting) because ". . . it was such a short job, and I've waited an hour and a half in this line."

In disgusted frustration, he sort of exploded about the cab conduct in these parts, saying that if he could help it, he wouldn't use a cab at all. I asked him if he hadn't found some cabbies who were not that way, cabbies who took their business of driving cab seriously by giving fine service, who do not become surly with a short job, who don't overcharge, and who do drive safely. He said "yes" to that, but there are too many of the others.

How often have we preached that the actions of any one of the brethren of the Wheel & Meter Society rubs off on the entire industry? It's a *crying* shame to have to hear the complaints of well-meaning passengers against cab drivers of the ill-bent ilk while so may decent drivers do justice to the industry. It's a shame, too, that the bad driver overrides the decent driver.

The passenger hires a cab purely for transportation, and not for "bobbemeissers"* from unhappy drivers.

Boston is building new hotels, new office buildings, new apartments, which bring in new people to the city. New people here means more cab riders and more cab jobs. More cab jobs mean more income to the taxi business. All this is fine, but why the hell do we have to have some unruly, unhappy, unscrupulous cabbers put a damper on cab use. How long does it take to learn that a little politeness, decent driving, a cheerful mien, brings in more riders for money meter fares and of course, greater tips.

While we hold that most of the cab drivers are hard working, decent human beings, we must admit that we have among us a group of people driving cab who are less than wholesome and who would rather make a dishonest $1 than an honest $10.

These characters are "sharpies," "conmen," or, if you will, "cutesies." They're the ones who make the bad name for the industry and they should find some other occupation. It's a foregone surety, the cab biz can do very well without them.

Since the business is to provide adequate transportation to the public at a fair price and deliver passengers safely, that's exactly what should be done. Is it that difficult to get these slobs to act in their own best interests? Is it that difficult to carry people from one place to another without giving a hassle? Is it that pleasantry and courtesy are now out of style? If it is, God help the taxi industry . . . for sure no one else will. ●

*tall, sad stories.

EXHIBIT 3

June 1984 - Taxi News, Digest
Boston, Mass

THE GOOD.
THE BAD.
THE UGLY!

IT HAS COME to my attention that there have been myriad complaints phoned into Logan Airport that taxicabs are not the most inviting vehicles in this world. Business people especially have voiced great dissatisfaction to the Massport authorities, to the hotels, to the businesses they visit, and to the Chamber of Commerce. One bad cab in a group of good cabs stands out like the proverbial rotten apple in the barrel, and it usually happens that some president of a large company who comes into Boston via Logan will invariably get the bad cab. And as sure as one plus one equals two, the driver will match the cab.

Let's talk business here . . . after all, that's what a cab is, a business. And let's look at the aspects of good business and bad, and ugly. If any of you went into a store to buy something, saw the store dirty, had an impatient, slovenly-dressed person waiting on you, you'd probably blow your top, or at the least, walk out without buying. Who'd blame you? One would expect some decency from a business person in any business, simply because business, any business, is people dealing with people. In a store or in a cab, it's one person dealing briefly with another with no middleman.

In the taxicab we have a number of important factors. The vehicle should be safe – that goes without saying. When a passenger boards a taxi, the life and limb of the passenger is placed at the mercy of the vehicle and its driver. The passenger has every right to expect and assume the vehicle has a more-than-adequate brake capacity; that the shocks won't break or buck; that springs in the seat are okay and not sticking through; that there's a full floorboard firmly nestled in the framework of the vehicle; that tires are well within safety standards; and that the cab at least is fairly clean. Let's keep in mind that passengers too often willingly discard refuse inside the cab.

The passenger also has a right to expect a cleanly-dressed driver . . . that is, no torn T-shirts and no displaying an overabundance of chest and back flesh (which becomes stained with road grime during the shift). Being slovenly is not being manly. It's isn't now – it never was.

(more page 4)

GOOD, BAD, UGLY

A can driver does not have to be decked out in a Dior suit, shirt, and tie, with Gucci shoes. A driver certainly does not need $300 suits and $50 shirts to be in the lastest style version of the classical driver. All he needs in the way of clothes are a clean shirt, clean pants, and he will pass muster. We must remember that each driver is a representative of every other driver.

I just heard somebody say, 'What the hell is this all about? Has that editor-man blown his stack? What's he pickin' on us for? Tell him to lay off!"

That's all been said to me more than once, but too many factors are adding up which are not conducive to a good business image for the taxi industry. The competitive vehicles-for-hire that are abounding on the streets of late are sending messages to the taxi industry which are blowing by us unheeded.

Nonetheless, these new vehicles carrying passengers-for-hire are here, where once they were not, and more seem to be in the offing. I don't know how many other cities are besieged with these vehicles, but in Boston they roam around unchecked, and in their roaming, they take paying passengers away from the taxicab.

Many hotels in Boston have put on their own vehicles to ferry passengers beetween their own hotel and Logan Airport. I don't believe there's a hotel in the city that relishes this added expense. I'll bet my shirt they'd give it up in a minute if they felt that the taxi industry would give them and their guests the service to which they are entitled.

Business people who work in the city and many business people who fly into Boston have voiced their frustrations at cab drivers who have refused to drive them because the ride wasn't long enough. One businessman told me angrily that while he didn't expect "white linen sheets on the seats," he certainly had a right to expect a fairly clean cab (although he did say that during his stay in town he found some very fine drivers who keep decent cabs). "A clean cab," he said, "is what I expect to find, and that should be the norm." He was completely nonplussed by drivers who refused to carry him from his hotel to the Hynes Auditorium because it was "too short."

It's as always—we have 90% of drivers who do a great job and that mean little 10% that spoils it for everyone else. I agree that it's no different from any other business. . . there are lousy bankers, rogue cops, newspeople who believe they are God's choice and the rest of the world is drek, salespeople who should be dropped in the harbor, and radio and TV people I'd love to hit with a mallet, and cartoonists and columnists who abide by the "snide only." Ah, but that 10% of the cabbies kills it for everyone else, and he or she is cutting into the income in far greater proportion than any of us care to admit. There's much new business coming to Boston, and the cabby deserves a fair share. If the cabby will do the job as it should be done, the income will climb noticeably. The new business? It's theirs for the asking, and as Tommy Dorsey used to say, "Well, Git It!" ■

THE TAXICAB INDUSTRY GROUP
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EXHIBIT 4

WILLIAM J. WRIGHT
Chairman
WALTER D. WINEGAR
Vice Chairman
FRED D. MATTHEWS
Executive Secretary

HENRY P. WILEY, SR.
Chaplain
FRANCIS MEDINA
Secretary
ROBERT TAYLOR
Treasurer

December 11, 1985

Per telephone conversation with Deputy Commissioner Tony Olivieii on December 10, 1985. Telephone No. (312) 744-0543, Chicago, Illinois.

Chicago has 3 million citizens served by 4600 cabs.

Meters and limitations.

Mayor Washington of Chicago worked out an agreement to allow 500 additional cabs to go on the street the first year. A thousand each for the next 2 years.

City Council refused to okay the agreement.

Case still in court without any additional cabs being on the street.

Approximately 200 complaints received a month dealing mostly with drivers refusing to transport.

Passing up designated hack stands that the cabs are suppose to stop at.

Complaints are first heard by a hearing examiner.

Hearing examiner can suspend up to 29 days.

If hacker objects to initial suspension, he can appeal and complainant must appear.

If complainant does not appear, the case is dropped.

All cabs are numbered from 1 - 4600.

Complainants usually don't remember cab no., color of cab, or even the nationality of the driver. They usually remember these facts when they are refused transportation, but when they lose an article they can remember very few facts about the color of the cab or any other identification marks.

Rental drivers pay approximately $60.00 a day and buy their own gas.

The industry is composed of approximately 80 percent fleet owners and 20 percent independent owners.

Insurance costs better than $300.00 a month.

Complainants do not have to appear.

If complainant warrants more time (29 days), Deputy Commissioner will refer case to a judge who can revoke license.

For instance, if a person says the driver charged him $35.00 from the airport and the ride usually costs him $18.00, that driver will be called in.

They do get complaints about drivers taking the long way.

There are 20 hack inspectors and these hack inspectors write approximately 1000 tickets per month for such infractions as license not being displayed or driving while suspended.

Although the cabs are metered, when a person complains about what he considers to be an over-charge if they have made the trip enough times to realize that there is a big difference in the fare charge, the driver will usually be called in for a hearing because it is felt that either the meter is off or the driver over-charged.

EXHIBIT 5 A

Taxi deregulation takes Seattle for ride, critics say

By Michael Zielenziger
Mercury News Northwest Bureau

SEATTLE — After a $44 cab ride to the airport from downtown, the chiropractor from Spokane, Wash., was incensed.

"Next time I'll resort to rented cars," he told city officials. "It's obviously a lot cheaper."

"We were so trusting," the elderly couple from Appleton, Wis., wrote after being charged $41 for a taxi ride they were told would cost half that.

And a family of four from Denver found a $10 ride to a fancy restaurant really cost $16.50.

"We were appalled and angry," Maureen Douglas complained. "These cab drivers are able to rob us legally."

They call the system deregulation — every cabby in Seattle gets to charge whatever he wants. But as the stacks of complaints sent to city officials here attest, a lot of people think the system isn't working.

Things have gotten so out of hand, in fact, that the American Legion recently warned county officials that they won't ever stage a convention in Seattle again unless the taxis are brought under tighter controls.

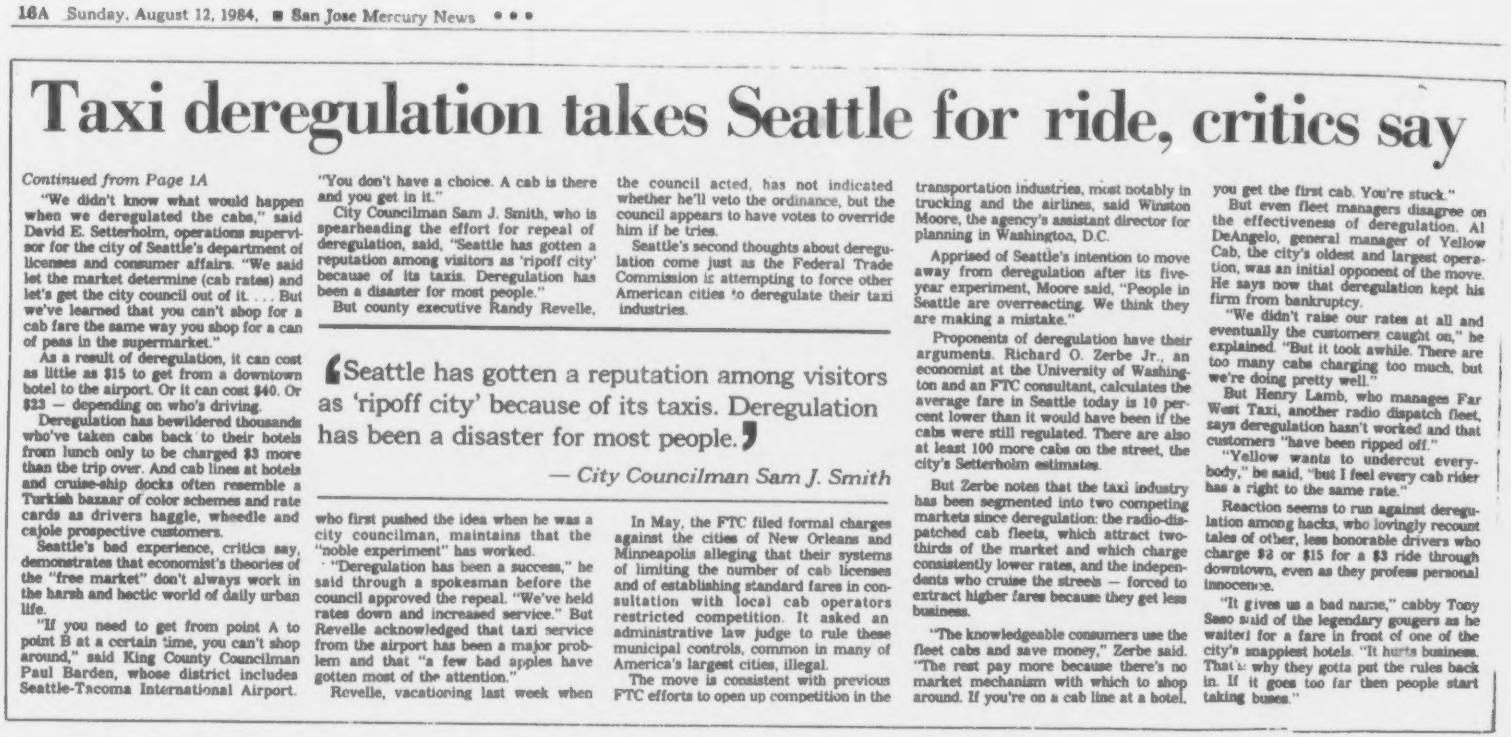
Five years ago, riding the leading edge of a fervid push for deregulation, the city and county abolished virtually all municipal rules covering the taxicab industry here, enabling almost anyone to drive a taxi.

Last week, however, the King County Council unanimously passed a revised taxi ordinance re-establishing uniform fares and forbidding new cabs from entering the market during the next year.

If the Seattle City Council concurs, as is expected, it would halt a failed experiment in transit deregulation even as the federal government is urging identical schemes in other cities.

Back of Section, Col. 1

EXHIBIT 5 B



16A Sunday, August 12, 1984, ■ San Jose Mercury News • • •

Taxi deregulation takes Seattle for ride, critics say

Continued from Page 1A

"We didn't know what would happen when we deregulated the cabs," said David E. Setterholm, operations supervisor for the city of Seattle's department of licenses and consumer affairs. "We said let the market determine (cab rates) and let's get the city council out of it. . . . But we've learned that you can't shop for a cab fare the same way you shop for a can of peas in the supermarket."

As a result of deregulation, it can cost as little as $15 to get from a downtown hotel to the airport. Or it can cost $40. Or $23 — depending on who's driving.

Deregulation has bewildered thousands who've taken cabs back to their hotels from lunch only to be charged $3 more than the trip over. And cab lines at hotels and cruise-ship docks often resemble a Turkish bazaar of color schemes and rate cards as drivers haggle, wheedle and cajole prospective customers.

Seattle's bad experience, critics say, demonstrates that economist's theories of the "free market" don't always work in the harsh and hectic world of daily urban life.

"If you need to get from point A to point B at a certain time, you can't shop around," said King County Councilman Paul Barden, whose district includes Seattle-Tacoma International Airport. "You don't have a choice. A cab is there and you get in it."

City Councilman Sam J. Smith, who is spearheading the effort for repeal of deregulation, said, "Seattle has gotten a reputation among visitors as 'ripoff city' because of its taxis. Deregulation has been a disaster for most people."

But county executive Randy Revelle, who first pushed the idea when he was a city councilman, maintains that the "noble experiment" has worked.

> "Seattle has gotten a reputation among visitors as 'ripoff city' because of its taxis. Deregulation has been a disaster for most people."
>
> *— City Councilman Sam J. Smith*

"Deregulation has been a success," he said through a spokesman before the council approved the repeal. "We've held rates down and increased service." But Revelle acknowledged that taxi service from the airport has been a major problem and that "a few bad apples have gotten most of the attention."

Revelle, vacationing last week when the council acted, has not indicated whether he'll veto the ordinance, but the council appears to have votes to override him if he tries.

Seattle's second thoughts about deregulation come just as the Federal Trade Commission is attempting to force other American cities to deregulate their taxi industries.

In May, the FTC filed formal charges against the cities of New Orleans and Minneapolis alleging that their systems of limiting the number of cab licenses and of establishing standard fares in consultation with local cab operators restricted competition. It asked an administrative law judge to rule these municipal controls, common in many of America's largest cities, illegal.

The move is consistent with previous FTC efforts to open up competition in the transportation industries, most notably in trucking and the airlines, said Winston Moore, the agency's assistant director for planning in Washington, D.C.

Apprised of Seattle's intention to move away from deregulation after its five-year experiment, Moore said, "People in Seattle are overreacting. We think they are making a mistake."

Proponents of deregulation have their arguments. Richard O. Zerbe Jr., an economist at the University of Washington and an FTC consultant, calculates the average fare in Seattle today is 10 percent lower than it would have been if the cabs were still regulated. There are also at least 100 more cabs on the street, the city's Setterholm estimates.

But Zerbe notes that the taxi industry has been segmented into two competing markets since deregulation: the radio-dispatched cab fleets, which attract two-thirds of the market and which charge consistently lower rates, and the independents who cruise the streets — forced to extract higher fares because they get less business.

"The knowledgeable consumers use the fleet cabs and save money," Zerbe said. "The rest pay more because there's no market mechanism with which to shop around. If you're on a cab line at a hotel, you get the first cab. You're stuck."

But even fleet managers disagree on the effectiveness of deregulation. Al DeAngelo, general manager of Yellow Cab, the city's oldest and largest operation, was an initial opponent of the move. He says now that deregulation kept his firm from bankruptcy.

"We didn't raise our rates at all and eventually the customers caught on," he explained. "But it took awhile. There are too many cabs charging too much, but we're doing pretty well."

But Henry Lamb, who manages Far West Taxi, another radio dispatch fleet, says deregulation hasn't worked and that customers "have been ripped off."

"Yellow wants to undercut everybody," he said, "but I feel every cab rider has a right to the same rate."

Reaction seems to run against deregulation among hacks, who lovingly recount tales of other, less honorable drivers who charge $8 or $15 for a $3 ride through downtown, even as they profess personal innocence.

"It gives us a bad name," cabby Tony Saso said of the legendary gougers as he waited for a fare in front of one of the city's snappiest hotels. "It hurts business. That's why they gotta put the rules back in. If it goes too far then people start taking buses."

City/suburbs

Chicago Tribune, Saturday, May 5, 1984 Section 1 7

EXHIBIT 6

Council may act to lift limit on city taxicabs

By Manuel Galvan

NEARLY 1,000 more cabs could be on Chicago streets by next year if the Chicago City Council approves a proposed court settlement removing the limit on the number of cab licenses.

The city restricts the number of cab licenses to 4,600, with 80 percent going to Chicago's two major cab companies, Checker Taxi Co. and Yellow Cab Co.

The proposed agreement would allow an additional 400 licenses immediately and another 500 in 1985, and remove the limit by 1986. It also would repeal the 80 percent provision, passed by the city council in 1963.

City attorneys reached the agreement with attorneys for three cab drivers who filed an antitrust, class-action suit in U.S. District Court against the city and the Checker and Yellow companies. The city would be removed as a defendant under the agreement, but the two cab companies would remain defendants.

THE 20-YEAR-OLD taxi license ordinance is not expected to vanish easily, with Mayor Harold Washington's council bloc once again pitted against the forces led by Ald. Edward Vrdolyak [10th] on the issue.

Ald. Edward Burke [14th], a leader of the Vrdolyak faction, charged that the proposal is politically motivated.

Burke said the mayor was fulfilling a campaign promise to cab drivers that he would "break the back" of the two major cab companies.

But Corporation Counsel James Montgomery denied that the agreement was political, saying that a review of the plaintiffs' case showed that the city had "a pretty good chance of losing" the suit. He also voiced concern that the Federal Trade Commission would move against the city.

Washington predicted that the council would approve the proposal, warning that the city could face "antitrust suits and God knows what else" if it were rejected.

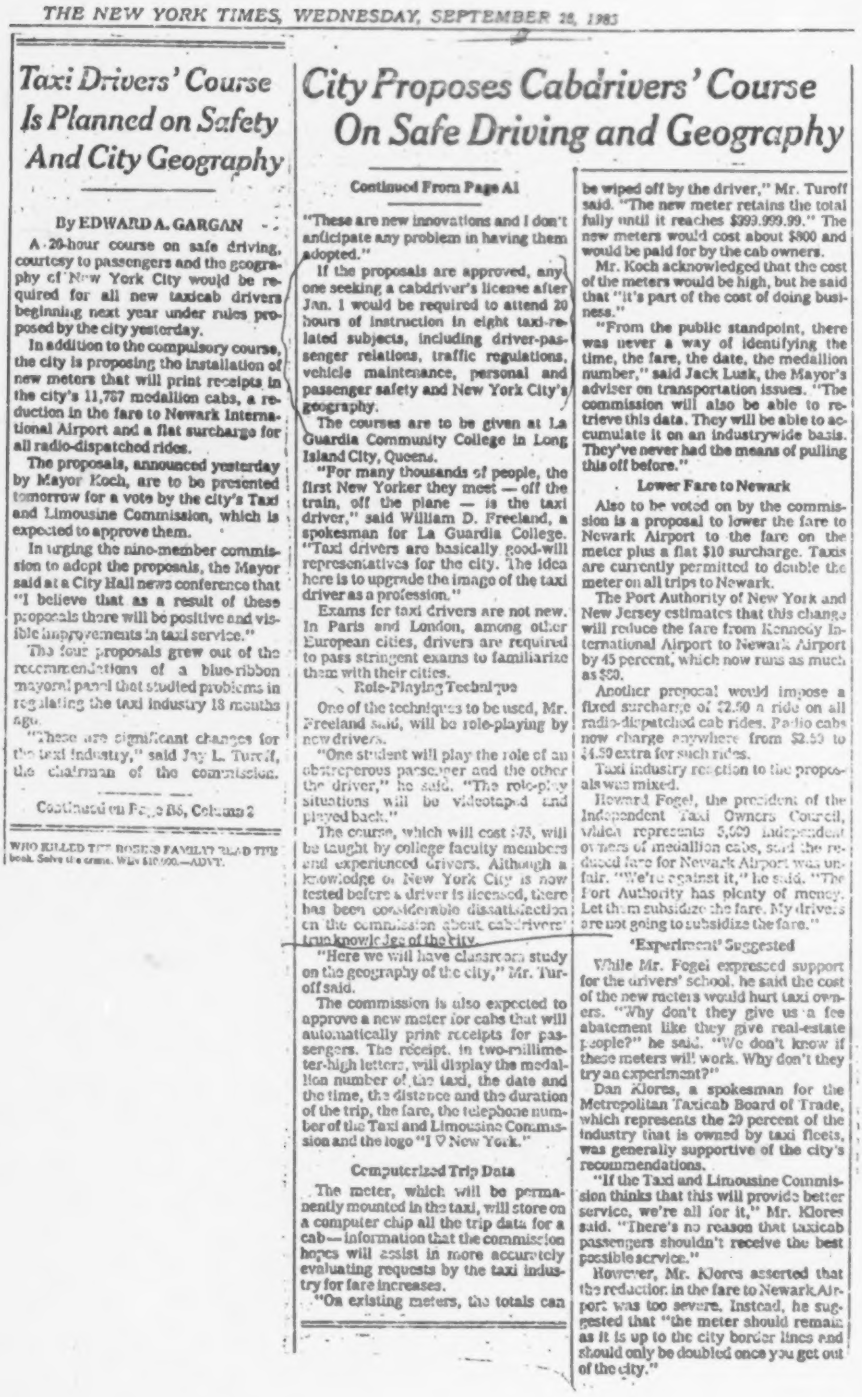
MICHAEL T. Hannafan, one of three attorneys for the plaintiffs in the case, estimated that the city would be liable for close to $400 million in damages if it lost the suit.

Washington maintained that the competition created by expanding the number of licenses, also called medallions, and issuing them on a first-come-first-serve basis would improve the city's taxi service.

Many cab drivers liked the idea of unlimited licenses. Now they must lease cabs from the companies, paying them a minimum fee regardless of the amounts of fares collected.

Under the proposed ordinance to remove the limit on cab licenses, any qualified person who wanted to operate a cab would have to obtain a chauffeur's license and a $200 vehicle license. Before an ordinance was passed in 1982, the $200 licenses in some cases were being transferred for more than $15,000.

EXHIBIT 7



THE NEW YORK TIMES, WEDNESDAY, SEPTEMBER 28, 1983

Taxi Drivers' Course Is Planned on Safety And City Geography

By EDWARD A. GARGAN

A 20-hour course on safe driving, courtesy to passengers and the geography of New York City would be required for all new taxicab drivers beginning next year under rules proposed by the city yesterday.

In addition to the compulsory course, the city is proposing the installation of new meters that will print receipts in the city's 11,787 medallion cabs, a reduction in the fare to Newark International Airport and a flat surcharge for all radio-dispatched rides.

The proposals, announced yesterday by Mayor Koch, are to be presented tomorrow for a vote by the city's Taxi and Limousine Commission, which is expected to approve them.

In urging the nine-member commission to adopt the proposals, the Mayor said at a City Hall news conference that "I believe that as a result of these proposals there will be positive and visible improvements in taxi service."

The four proposals grew out of the recommendations of a blue-ribbon mayoral panel that studied problems in regulating the taxi industry 18 months ago.

"These are significant changes for the taxi industry," said Jay L. Turoff, the chairman of the commission.

Continued on Page B6, Column 2

WHO KILLED THE ROBBINS FAMILY? READ THE book. Solve the crime. Win $100,000.—ADVT.

City Proposes Cabdrivers' Course On Safe Driving and Geography

Continued From Page A1

"These are new innovations and I don't anticipate any problem in having them adopted."

If the proposals are approved, anyone seeking a cabdriver's license after Jan. 1 would be required to attend 20 hours of instruction in eight taxi-related subjects, including driver-passenger relations, traffic regulations, vehicle maintenance, personal and passenger safety and New York City's geography.

The courses are to be given at La Guardia Community College in Long Island City, Queens.

"For many thousands of people, the first New Yorker they meet — off the train, off the plane — is the taxi driver," said William D. Freeland, a spokesman for La Guardia College. "Taxi drivers are basically good-will representatives for the city. The idea here is to upgrade the image of the taxi driver as a profession."

Exams for taxi drivers are not new. In Paris and London, among other European cities, drivers are required to pass stringent exams to familiarize them with their cities.

Role-Playing Technique

One of the techniques to be used, Mr. Freeland said, will be role-playing by new drivers.

"One student will play the role of an obstreperous passenger and the other the driver," he said. "The role-play situations will be videotaped and played back."

The course, which will cost $75, will be taught by college faculty members and experienced drivers. Although a knowledge of New York City is now tested before a driver is licensed, there has been considerable dissatisfaction on the commission about cabdrivers' true knowledge of the city.

"Here we will have classroom study on the geography of the city," Mr. Turoff said.

The commission is also expected to approve a new meter for cabs that will automatically print receipts for passengers. The receipt, in two-millimeter-high letters, will display the medallion number of the taxi, the date and the time, the distance and the duration of the trip, the fare, the telephone number of the Taxi and Limousine Commission and the logo "I ♡ New York."

Computerized Trip Data

The meter, which will be permanently mounted in the taxi, will store on a computer chip all the trip data for a cab — information that the commission hopes will assist in more accurately evaluating requests by the taxi industry for fare increases.

"On existing meters, the totals can be wiped off by the driver," Mr. Turoff said. "The new meter retains the total fully until it reaches $999,999.99." The new meters would cost about $800 and would be paid for by the cab owners.

Mr. Koch acknowledged that the cost of the meters would be high, but he said that "it's part of the cost of doing business."

"From the public standpoint, there was never a way of identifying the time, the fare, the date, the medallion number," said Jack Lusk, the Mayor's adviser on transportation issues. "The commission will also be able to retrieve this data. They will be able to accumulate it on an industrywide basis. They've never had the means of pulling this off before."

Lower Fare to Newark

Also to be voted on by the commission is a proposal to lower the fare to Newark Airport to the fare on the meter plus a flat $10 surcharge. Taxis are currently permitted to double the meter on all trips to Newark.

The Port Authority of New York and New Jersey estimates that this change will reduce the fare from Kennedy International Airport to Newark Airport by 45 percent, which now runs as much as $80.

Another proposal would impose a fixed surcharge of $2.50 a ride on all radio-dispatched cab rides. Radio cabs now charge anywhere from $2.50 to $4.50 extra for such rides.

Taxi industry reaction to the proposals was mixed.

Howard Fogel, the president of the Independent Taxi Owners Council, which represents 5,000 independent owners of medallion cabs, said the reduced fare for Newark Airport was unfair. "We're against it," he said. "The Port Authority has plenty of money. Let them subsidize the fare. My drivers are not going to subsidize the fare."

'Experiment' Suggested

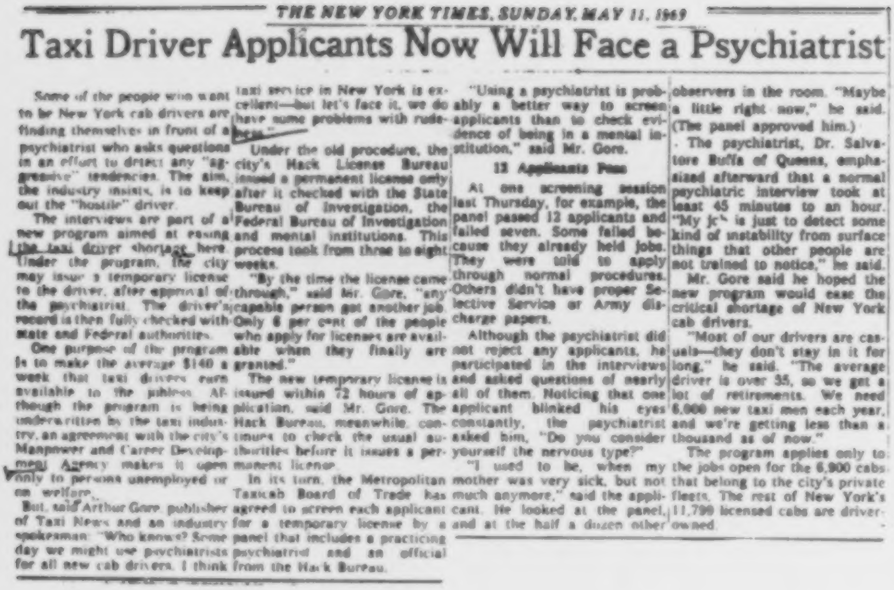
While Mr. Fogel expressed support for the drivers' school, he said the cost of the new meters would hurt taxi owners. "Why don't they give us a fee abatement like they give real-estate people?" he said. "We don't know if these meters will work. Why don't they try an experiment?"

Dan Klores, a spokesman for the Metropolitan Taxicab Board of Trade, which represents the 20 percent of the industry that is owned by taxi fleets, was generally supportive of the city's recommendations.

"If the Taxi and Limousine Commission thinks that this will provide better service, we're all for it," Mr. Klores said. "There's no reason that taxicab passengers shouldn't receive the best possible service."

However, Mr. Klores asserted that the reduction in the fare to Newark Airport was too severe. Instead, he suggested that "the meter should remain as it is up to the city border lines and should only be doubled once you get out of the city."

EXHIBIT 8



THE NEW YORK TIMES, SUNDAY, MAY 11, 1969

Taxi Driver Applicants Now Will Face a Psychiatrist

Some of the people who want to be New York cab drivers are finding themselves in front of a psychiatrist who asks questions in an effort to detect any "aggressive" tendencies. The aim, the industry insists, is to keep out the "hostile" driver.

The interviews are part of a new program aimed at easing the taxi driver shortage here. Under the program, the city may issue a temporary license to the driver, after approval of the psychiatrist. The driver's record is then fully checked with state and Federal authorities.

One purpose of the program is to make the average $140 a week that taxi drivers earn available to the jobless. Although the program is being underwritten by the taxi industry, an agreement with the city's Manpower and Career Development Agency makes it open only to persons unemployed or on welfare.

But, said Arthur Gore, publisher of Taxi News and an industry spokesman: "Who knows? Some day we might use psychiatrists for all new cab drivers. I think taxi service in New York is excellent—but let's face it, we do have some problems with rudeness."

Under the old procedure, the city's Hack License Bureau issued a permanent license only after it checked with the State Bureau of Investigation, the Federal Bureau of Investigation and mental institutions. This process took from three to eight weeks.

"By the time the license came through," said Mr. Gore, "any capable person got another job. Only 6 per cent of the people who apply for licenses are available when they finally are granted."

The new temporary license is issued within 72 hours of application, said Mr. Gore. The Hack Bureau, meanwhile, continues to check the usual authorities before it issues a permanent license.

In its turn, the Metropolitan Taxicab Board of Trade has agreed to screen each applicant for a temporary license by a panel that includes a practicing psychiatrist and an official from the Hack Bureau.

"Using a psychiatrist is probably a better way to screen applicants than to check evidence of being in a mental institution," said Mr. Gore.

12 Applicants Pass

At one screening session last Thursday, for example, the panel passed 12 applicants and failed seven. Some failed because they already held jobs. They were told to apply through normal procedures. Others didn't have proper Selective Service or Army discharge papers.

Although the psychiatrist did not reject any applicants, he participated in the interviews and asked questions of nearly all of them. Noticing that one applicant blinked his eyes constantly, the psychiatrist asked him, "Do you consider yourself the nervous type?"

"I used to be, when my mother was very sick, but not much anymore," said the applicant. He looked at the panel, and at the half a dozen other observers in the room. "Maybe a little right now," he said. (The panel approved him.)

The psychiatrist, Dr. Salvatore Buffa of Queens, emphasized afterward that a normal psychiatric interview took at least 45 minutes to an hour. "My job is just to detect some kind of instability from surface things that other people are not trained to notice," he said.

Mr. Gore said he hoped the new program would ease the critical shortage of New York cab drivers.

"Most of our drivers are casuals—they don't stay in it for long," he said. "The average driver is over 35, so we get a lot of retirements. We need 6,000 new taxi men each year, and we're getting less than a thousand as of now."

The program applies only to the jobs open for the 6,900 cabs that belong to the city's private fleets. The rest of New York's 11,799 licensed cabs are driver-owned.

EXHIBIT 9

THE WASHINGTON POST Sunday, June 17, 1984 G1

'Chicago School' Catches a Taxi

FTC Shifting Antitrust Activity From Big Business to Novel Areas

By Michael Isikoff
Washington Post Staff Writer

The Federal Trade Commission, acting under a broad new interpretation of the antitrust laws, has launched a series of controversial lawsuits and investigations that could significantly expand the boundaries of traditional antitrust enforcement, according to many experts.

Applying free market theories that were championed by the "Chicago School" of economics during the 1960s and 1970s, the agency has selected targets—including city governments, state regulatory boards, poverty lawyers, labor unions and industry trade associations—that rarely, if ever, have been the focus of antitrust scrutiny.

The most publicized of these cases surfaced last month when the FTC filed a civil suit against the cities of Minneapolis and New Orleans to strike down local taxicab regulations.

The suits, the first ever by the FTC against a local unit of government, constituted the opening play in an ambitious agency game plan to promote deregulation of taxicabs across the country—an unorthodox use of the antitrust laws but one that nonetheless fits neatly into conservative "Chicago School" hostility to government interference with the market.

"I think the commission is in its Periclean Age in terms of economic sophistication," said William F. Baxter, the Reagan administration's former antitrust chief, who is now a professor at Stanford Law School. "They're doing some quite novel things . . . that represents good sound economic policy."

But the suits have provoked a firestorm of criticism on Capitol Hill. In a stinging rebuke to the agency, the full House and the Senate Appropriations Committee have passed amendments that would prohibit the FTC from pursuing the taxi case or another suit against local governments. Democratic critics, such as Sen. Ernest Hollings of South Carolina, have ridiculed the taxi cases as "nonsense" suits that violate the fundamental tenets of federalism.

"The eccentric priorities that have been imposed during the last three years by the commission majority are without support," Reps. John Dingell (D-Mich.) and James Florio (D-N.J.) wrote in a recent letter to FTC Chairman James C. Miller III. "The recent zeal to bring a few novel cases in an untested area of the law does not make up for the abandonment of enforcement in virtually all other respects."

Yet rather than abandoning antitrust enforcement, as many critics have alleged, Miller's FTC has radically transformed it, branching off into novel areas that are far afield from the agency's historic concern with monopolistic practices by big business, some experts say.

Under Miller, a Reagan administration appointee who is the first professional economist to head the agency, the FTC, by divided votes, has approved the joint venture between General Motors Corp. and Toyota Motor Corp., the purchase of Getty Oil Co. by Texaco Inc., and the acquisition of Gulf Oil Corp. by Standard Oil Co. of California, the last of which was the largest corporate merger in history.

At the same time, the FTC has:

- Sued a small D.C. lawyers group, whose members represent poor defendants in D.C. Superior Court, for

See FTC, G9

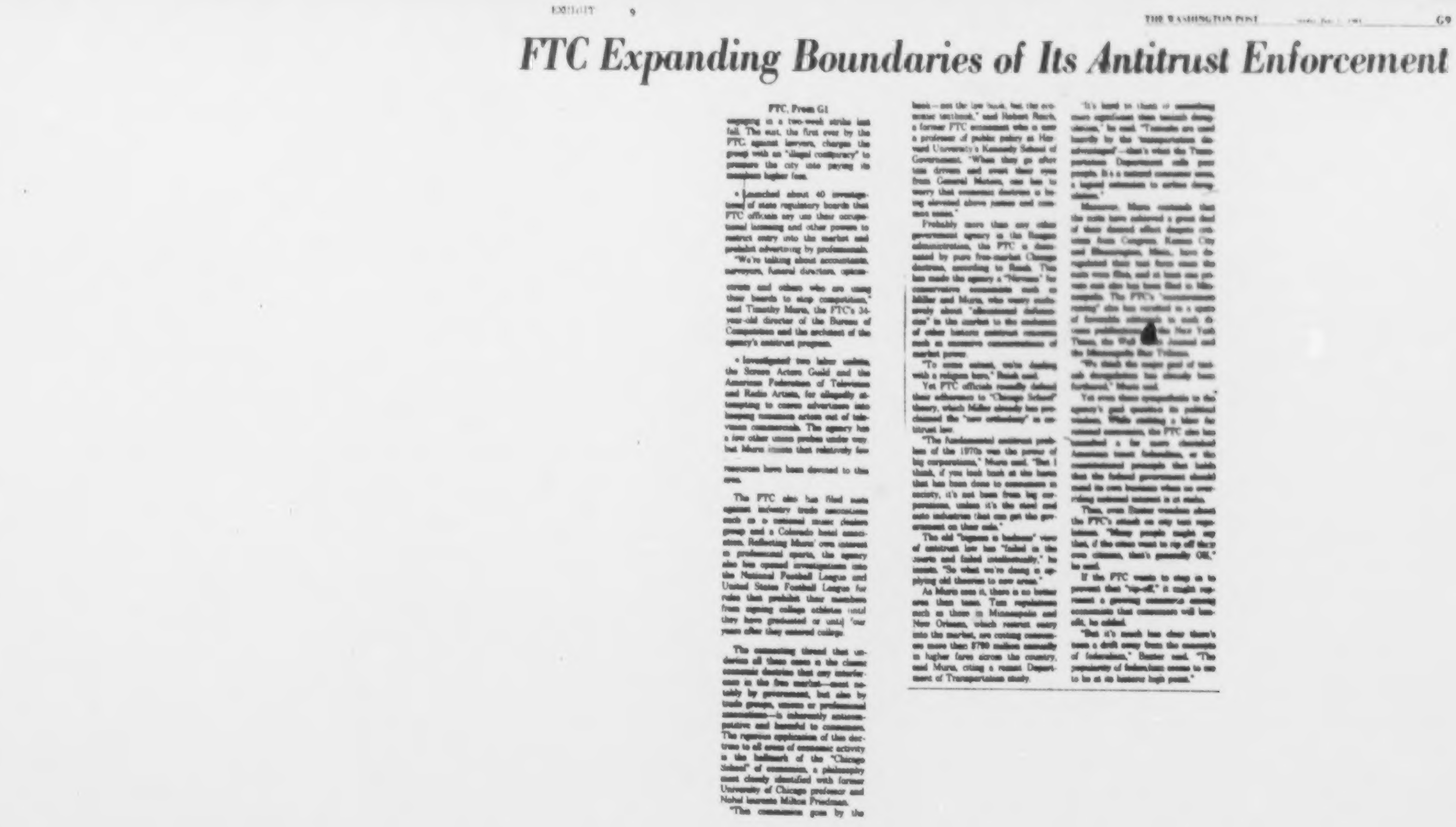


EXHIBIT 9

THE WASHINGTON POST [illegible] G9

FTC Expanding Boundaries of Its Antitrust Enforcement

FTC, From G1

engaging in a two-week strike last fall. The suit, the first ever by the FTC against lawyers, charges the group with an "illegal conspiracy" to pressure the city into paying its members higher fees.

• Launched about 40 investigations of state regulatory boards that FTC officials say use their occupational licensing and other powers to restrict entry into the market and prohibit advertising by professionals.

"We're talking about accountants, surveyors, funeral directors, optometrists and others who are using their boards to stop competition," said Timothy Muris, the FTC's 34-year-old director of the Bureau of Competition and the architect of the agency's antitrust program.

• Investigated two labor unions, the Screen Actors Guild and the American Federation of Television and Radio Artists, for allegedly attempting to coerce advertisers into keeping nonunion actors out of television commercials. The agency has a few other union probes under way, but Muris insists that relatively few resources have been devoted to this area.

The FTC also has filed suits against industry trade associations such as a national music dealers group and a Colorado hotel association. Reflecting Muris' own interest in professional sports, the agency also has opened investigations into the National Football League and United States Football League for rules that prohibit their members from signing college athletes until they have graduated or until four years after they entered college.

The connecting thread that underlies all these cases is the classic economic doctrine that any interference in the free market—most notably by government, but also by trade groups, unions or professional associations—is inherently anticompetitive and harmful to consumers. The rigorous application of this doctrine to all areas of economic activity is the hallmark of the "Chicago School" of economics, a philosophy most closely identified with former University of Chicago professor and Nobel laureate Milton Friedman.

"The commission goes by the book—not the law book, but the economics textbook," said Robert Reich, a former FTC economist who is now a professor of public policy at Harvard University's Kennedy School of Government. "When they go after taxi drivers and avert their eyes from General Motors, one has to worry that economic doctrine is being elevated above justice and common sense."

Probably more than any other government agency in the Reagan administration, the FTC is dominated by pure free-market Chicago doctrine, according to Reich. This has made the agency a "Nirvana" for conservative economists such as Miller and Muris, who worry endlessly about "allocational deficiencies" in the market to the exclusion of other historic antitrust concerns such as excessive concentrations of market power.

"To some extent, we're dealing with a religion here," Reich said.

Yet FTC officials staunchly defend their adherence to "Chicago School" theory, which Miller already has proclaimed the "new orthodoxy" in antitrust law.

"The fundamental antitrust problem of the 1970s was the power of big corporations," Muris said. "But I think, if you look back at the harm that has been done to consumers in society, it's not been from big corporations, unless it's the steel and auto industries that can get the government on their side."

The old "bigness is badness" view of antitrust law has "failed in the courts and failed intellectually," he insists. "So what we're doing is applying old theories to new areas."

As Muris sees it, there is no better area than taxis. Taxi regulations such as those in Minneapolis and New Orleans, which restrict entry into the market, are costing consumers more than $700 million annually in higher fares across the country, said Muris, citing a recent Department of Transportation study.

"It's hard to think of something more significant than taxicab deregulation," he said. "Taxicabs are used heavily by the 'transportation disadvantaged'—that's what the Transportation Department calls poor people. It's a natural consumer issue, a logical extension to airline deregulation."

Moreover, Muris contends that the suits have achieved a great deal of their desired effect despite criticism from Congress. Kansas City and Bloomington, Minn., have deregulated their taxi fares since the suits were filed, and at least one private suit also has been filed in Minneapolis. The FTC's "[illegible]" also has resulted in a spate of favorable editorials in such diverse publications as the New York Times, the Wall Street Journal and the Minneapolis Star Tribune.

"We think the major goal of taxicab deregulation has already been furthered," Muris said.

Yet even those sympathetic to the agency's goal question its political wisdom. While striking a blow for national consumers, the FTC also has [illegible] a far more cherished American tenet, federalism, or the constitutional principle that holds that the federal government should mind its own business when no overriding national interest is at stake.

Thus, even Baxter wonders about the FTC's attack on city taxi regulations. "Many people might say that, if the cities want to rip off their own citizens, that's generally OK," he said.

If the FTC wants to step in to prevent that "rip-off," it might represent a growing consensus among economists that consumers will benefit, he added.

"But it's much less clear there's been a drift away from the concepts of federalism," Baxter said. "The popularity of federalism seems to me to be at its historic high point."

STEPHEN CHAPMAN EXHIBIT 10 Washington Times 9/6/84

Chicago's taxicabs held in medallion bondage

Suppose you're a youngster just finishing college, and you're contemplating career choices. Unfortunately, you're not qualified for much. Well, you could go to law school, thus assuring yourself a fat salary, a big house, and a membership at the country club.

Trouble is, law school takes money. Three years at the University of Illinois at Urbana-Champaign (not an expensive school), when you add up tuition, room, board, books, and Ho-Hos, will cost you about $21,000.

You haven't got it? Too bad, but at least you won't starve. I mean, you can always drive a cab, right? Whoops — not so fast. To operate your own cab in Chicago, you need a city-issued medallion, and the city isn't giving any out. In fact, it hasn't issued any new ones since 1963 — about the time you were born, youngster. And the people who already have medallions aren't allowed to sell them. If they were, says Jerry Feldman, president of the Checker Taxi Co., they'd go for about $25,000. Law school would be cheaper.

Tough luck, kid, but you're not the only one who suffers. Cab riders also have troubles, like not being able to find cabs. Chicago has only 4,600 licensed cabs — just 12 percent more than it had 50 years ago. That's one cab for every 653 people. Washington, D.C., which is less stingy with medallions, has one cab for every 74 people. It also has lower fares.

Your political science courses probably didn't tell you how Chicago got such an odd system. As usual in that city, it didn't emerge from long hours of careful analysis and contemplation by public-spirited officials, but from a straightforward deal. To settle a lawsuit, the city agreed in 1963 to limit the number of medallions. It also guaranteed that Yellow and Checker (which have the same corporate owner) would always have 80 percent of them.

Luckily, Mayor Washington is trying to put an end to this arrangement. Last spring he agreed to settle a lawsuit against the city and the two big cab firms by getting rid of the medallion ceiling and the special treatment for Yellow and Checker. But the majority bloc in the City Council has balked, so the matter will probably be settled in court. That won't necessarily help our ambitious student, who'll probably be ready for Social Security by the time the case is resolved.

The industry would no doubt function better in a freer environment. Opening things up would bring in more cabs, which would benefit consumers by making it easier to get rides and by holding down fares. Marcus Alexis, a Northwestern University economist, figures the number of taxis in the city would rise by 40 percent.

Who would benefit most from the change? Not just our collegian. Surprisingly, the city's poor might gain more than the well-to-do. The Federal Trade Commission, which has sued Minneapolis and New Orleans for antitrust violations in their taxicab regulations, says poor people generally spend a bigger chunk of their income on cabs than the well-to-do. Allowing more cabs would also encourage better service to poor and remote neighborhoods.

Drivers, too, would be better off. Those who now rent medallions would be able to get their own without having to fork over a share of their earnings to Yellow or Checker. Those people who would like to drive cabs but can't get medallions would no longer need them. Only the people who have profited from the limits on competition would be worse off.

They naturally oppose any change, warning that disaster has befallen cities that have opened up their cab industries. In fact, the problems they've had (like incompetent drivers and occasional price-gouging on tourists) aren't unique to deregulated taxi markets. Nor are they terribly serious next to the benefits, and they probably would have been eradicated in time by competition.

But so far, the City Council hasn't seen it that way, preferring to keep its friendly deal with the big cab firms. That leaves our unfortunate student in the lurch, with no skills, an inadequate education and a weak resume. Sorry, kid — I'm afraid it's journalism for you.

PiC 9/6/84 [illegible]

EXHIBIT 11

A22 SATURDAY, APRIL 13, 1985 . . .

THE WASHINGTON POST

The Washington Post

AN INDEPENDENT NEWSPAPER

LETTERS TO THE EDITOR

The D.C. Hackers' Board: 'Model of Efficiency'

The Post runs frequent articles about the city's taxi problems and the government's apparent inability to correct them. I am a frequent cab user, so I know firsthand the recent serious increases in driver offenses and have done my share of complaining. Now, in the interest of fairness, I must commend the D.C. Hackers' Board as a model of efficiency.

Some months ago, after a particularly outrageous cab ride, I sent a complaint to the Hackers' Board. While I don't ordinarily register complaints of this sort, several co-workers who depend on taxi transportation argued that it was important to let the city know about the problem. I was pretty sure the complaint would produce no results. That bias was wrong —the board soon sent a notice of a formal hearing. When a scheduling conflict developed, the hearing was promptly rescheduled.

I appeared at the appropriate time with a briefcase loaded with work—certain this hearing would kill my entire afternoon. Wrong again.

The hearing was called within 10 minutes of the scheduled time. I was called into the hearing room with the board members and the cabdriver who had treated me to such an unforgettable ride. The hearing proceeded with courtesy, efficiency and brevity. The driver was penalized, but this is not the point.

Despite a common perception that the District government is frequently inefficient and ineffective in resolving problems such as this one, my experience demonstrates the contrary. The Hackers' Board handled this matter with the proficiency, courtesy and skill expected of the most conscientiously run business enterprise. All cab riders should take courage and let the board know of driver problems. The board is to be commended for its fairness and responsibility in policing taxi problems.

NICHOLAS P. MILLER
Washington

EXHIBIT 12

THE WASHINGTON POST A26 WEDNESDAY, DECEMBER 4, 1985

LETTERS TO THE EDITOR

D.C. Taxis: The System Works

A bill proposed by D.C. Council member Betty Ann Kane concerns the future of the taxi service in our city.

The bill, if passed, could reduce the earnings for drivers, increase the fares (because meters may be allowed) and, worst of all, strip from many independent drivers the privilege of owning their taxis.

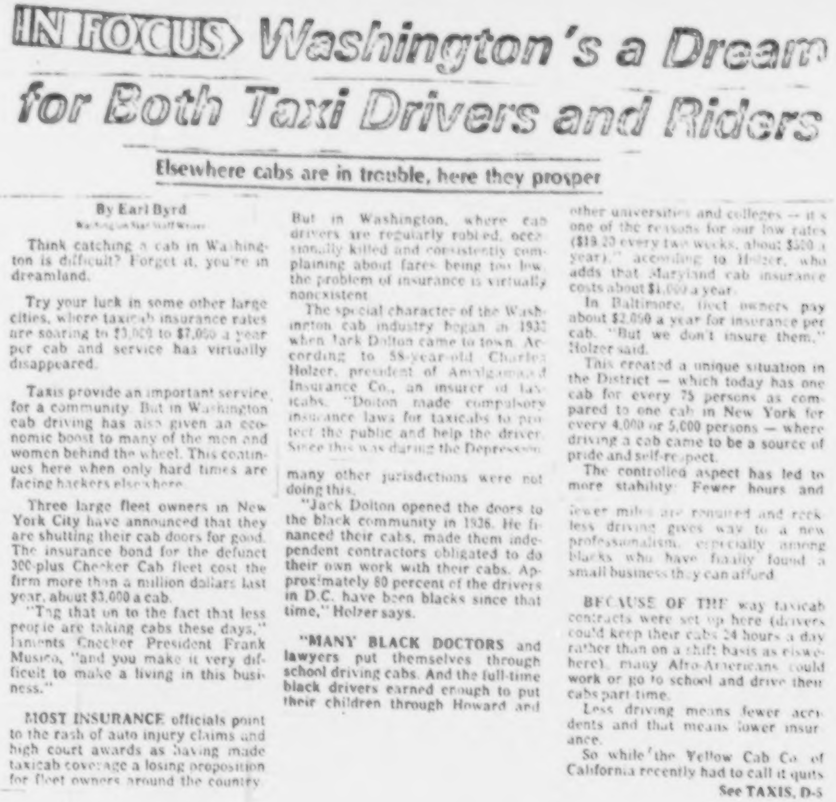
I have owned and operated a taxi in this city for the last three years. I have found the zone mileage system we employ to be far better for both owner and customer than the system of meters and company cabs I started with in New York City years ago.

Most of us are probably aware by now of the problems of our current system, but it is cost-efficient and more fair than any other system. I find the proposed bill to be an example of legislative overkill. It makes me think of a car buyer who sells his older but well-running car that occasionally needs minor repairs for a fancy, new model with a lot of unproven innovations.

The current system works. Let's keep it working by enforcing the laws designed to serve the riding public.

LEONARD L. PRATHER
Washington

Exhibit 13 A



IN FOCUS› Washington's a Dream for Both Taxi Drivers and Riders

Elsewhere cabs are in trouble, here they prosper

By Earl Byrd
Washington Star Staff Writer

Think catching a cab in Washington is difficult? Forget it, you're in dreamland.

Try your luck in some other large cities, where taxicab insurance rates are soaring to $3,000 to $7,000 a year per cab and service has virtually disappeared.

Taxis provide an important service for a community. But in Washington cab driving has also given an economic boost to many of the men and women behind the wheel. This continues here when only hard times are facing hackers elsewhere.

Three large fleet owners in New York City have announced that they are shutting their cab doors for good. The insurance bond for the defunct 300-plus Checker Cab fleet cost the firm more than a million dollars last year, about $3,000 a cab.

"Tag that on to the fact that less people are taking cabs these days," laments Checker President Frank Musico, "and you make it very difficult to make a living in this business."

MOST INSURANCE officials point to the rash of auto injury claims and high court awards as having made taxicab coverage a losing proposition for fleet owners around the country.

But in Washington, where cab drivers are regularly robbed, occasionally killed and consistently complaining about fares being too low, the problem of insurance is virtually nonexistent.

The special character of the Washington cab industry began in 1932 when Jack Dolton came to town. According to 58-year-old Charles Holzer, president of Amalgamated Insurance Co., an insurer of taxicabs, "Dolton made compulsory insurance laws for taxicabs to protect the public and help the driver. Since this was during the Depression many other jurisdictions were not doing this.

"Jack Dolton opened the doors to the black community in 1936. He financed their cabs, made them independent contractors obligated to do their own work with their cabs. Approximately 80 percent of the drivers in D.C. have been blacks since that time," Holzer says.

"MANY BLACK DOCTORS and lawyers put themselves through school driving cabs. And the full-time black drivers earned enough to put their children through Howard and other universities and colleges — it's one of the reasons for our low rates ($19.20 every two weeks, about $500 a year)," according to Holzer, who adds that Maryland cab insurance costs about $1,000 a year.

In Baltimore, fleet owners pay about $2,050 a year for insurance per cab. "But we don't insure them," Holzer said.

This created a unique situation in the District — which today has one cab for every 75 persons as compared to one cab in New York for every 4,000 or 5,000 persons — where driving a cab came to be a source of pride and self-respect.

The controlled aspect has led to more stability: Fewer hours and fewer miles are required and reckless driving gives way to a new professionalism, especially among blacks who have finally found a small business they can afford.

BECAUSE OF THE way taxicab contracts were set up here (drivers could keep their cabs 24 hours a day rather than on a shift basis as elsewhere), many Afro-Americans could work or go to school and drive their cabs part time.

Less driving means fewer accidents and that means lower insurance.

So while the Yellow Cab Co. of California recently had to call it quits

See TAXIS, D-5

EXHIBIT 13 B

TAXIS

Continued From A-1

because it could not come up with $800,000 to pay liability and casualty insurance — things are not much better in Boston and Las Vegas — cab drivers in Washington prospered.

Blacks like Willie James Andrews, 53, were the real winners.

"I raised four children who all graduated from high school," says Andrews, who has owned his cab since 1960 and worked for the government, including his Army time, for 28 years. In part, he attributes his fine home on Southern Avenue SE and his 29-year marriage to his success in cab driving.

HERBERT BOKDALE, 45, of Hayes Street NE, an education assistant with the Department of Human Resources and part-time driver for 10 years, says that driving a cab "helped me keep my house warm, pay bills and put my 21-year-old daughter, Gloria Dennis, through Virginia State."

Mrs. Jessie Reeves recalls how her husband, Fred, sent their son Frank through college. Frank Reeves later became a prominent lawyer and civil rights worker who became special assistant to President John F. Kennedy and later had his name submitted for consideration as the first black commissioner of the District of Columbia.

Frank Reeves died four years ago at the age of 57, a successful black man who constantly talked about the drive, determination and guts of his father, a cab driver.

"We have our own home, we've never been on welfare and we've been a member of the Sargent Memorial United Presbyterian Church in Northeast for 27 years," said Mrs. Reeves, who retired six years ago as a nurse from St. Elizabeths.

ALTHOUGH MOST local cabbies insure through Amalgamated, others — including Yellow, Diamond and Capitol — insure their own cabs. All cabs must have insurance before the Public Vehicle Divison will issue a $25 a year business license.

"It makes it easier on cab drivers in D.C.," says Malcolm Woods, the applications examiner for PVD. "Here a driver doesn't have to come up with $400 or $500 at one time since they are insured on a biweekly basis (although insurance stickers must be picked up weekly from independent and fleet agencies)."

"And if a driver decides to lay off a week or two he just notifies the insurance company, they notify us, and the driver simply has to keep his cab off the street for those weeks."

The insurance factor is heavier for close-in suburban drivers.

Malcolm Buffaloe, 47, who's been with the Takoma-Langley Taxi Service (which has about 50 cabs) for 22 years, says their insurance per cab is up between $200 and $300 since last year — to about $1,000 per cab.

"IT'S HIGH, but not when you consider what the insurance companies have to put out every time someone says their finger was caught in the door or they slipped getting out of a cab.

"Everything is high, and it's nothing like what's going on around the country — $3,000 to $7,000 in some places, and that'll put you out of business," he said.

Joseph Hancen, resident manager of the Bluebird-Yellow Cab Co. in Hyattsville, says rates have gone up during his 30 years with the company. "Because of the high cost we are contemplating insuring our own cabs," Hancen says, although he could not speculate on how much that would save.

"We started paying $112 for insurance, but you could buy a car for $1,250 in those days. Today we're paying $4,932.18 for a Dodge Monaco and the insurance has gone out of this world . . . it's up to $1,200 per cab for 1977. That's about $177,000 a year we have to pay for insurance," Hancen said.

THE WORST THING in the world for suburban cab drivers is to have an accident in Washington.

"The biggest percentage of drivers in D.C. don't have liability insurance, especially people who have older autos, and it's getting that way in Maryland because the Department of Motor Vehicles is behind in their work," laments Hancen.

"It takes the DMV at least four months to catch up with somebody who has stopped paying his insurance on a private auto. And by the time they get him he could have had four accidents."

Hancen says his company "jumps around from year to year trying to get the best insurance deal. All companies' prices have gone out of sight and a few accidents, like we had seven years ago, will cause a company to cancel all your insurance unless you put up $10,000 for your losses."

IN THE DISTRICT, more than 1,500 cab drivers have joined an emergency Civilian Radio Alert program to assist police by calling in fires, accidents and robberies, but personal safety is probably the most common concern of the men and women driving the streets.

Washington cab drivers vividly recall incidents such as that which befell Memory Griffin, who lay helpless in his taxicab last October after being shot in the head, and Isaac A. Thompson, who was kidnaped and forced to drive to Baltimore before being robbed.

The Birmingham Post, Friday, August 1, 1980

Exhibit 14

Battle in the ranks at taxi licence plan

ROGER CLARKE, Birmingham Post Municipal Correspondent, examines the split over new licences, which developed in the ranks of Birmingham's taximen, between those who say more taxis will make bad trade worse, and those who want to be their own boss.

Birmingham's taxi trade is in turmoil after a decision by Birmingham City Council to issue ten new Hackney carriage licences a month for six months.

The Birmingham Licensed Taxi Owners' and Drivers' Association has started legal action to make the city council hear its views.

It does not want the new plates, as it claims there is not enough trade in the city for the 430 existing taxis.

But a large group of drivers who do not own their own cabs, known as jockeys in the trade, want the chance to be their own boss, to run their own cabs and, like their bosses, rent those cabs out in the hours they are not using them.

Renting a taxi, according to drivers, can range from £40 to £85 a week depending upon the shift it is used.

Trade in plates

There is also a trade in selling plates, as the licences are known. The plate goes with the taxi, not the driver, so while a new taxi can cost £7,500 on the road, a second hand one with its plate can fetch as high as £11,000.

From the register of taxi licences, a public document, it appears that most of the 480 plates in the city are owned by people with one taxi although from surnames it seems there are several families of brothers, or fathers and sons, who each run a cab.

Nineteen people own two plated cabs each, eight people have a part share in two cabs each, two people own one cab and have a part share in another, four people own three cabs each, one owns four, two people own seven cabs each, and the Jameson family, are the largest operators running from A. F. Jameson (Birmingham) Ltd., of New Summer Street.

They own 21 cabs and Mrs. Jameson holds four plates in her own name.

The BLTO&DA claims that trade in the city is bad, and any more taxis will just lead to more people chasing fewer fares with drivers making less money and some going out of business.

The association has warned all its members that it will not recognise any of the new plates, which will result in the holders of new plates not being able to join the TOA radio system, and not being part of the association's lucrative agreements with Birmingham Airport, New Street Station and the National Exhibition Centre.

But Coun. Clive Wilkinson, (Lab. Weoley) leader of Birmingham City Council, has already warned that a ban on the new plates at the NEC cannot be enforced, and the city will throw the taxi trade at the NEC open to everyone if such a ban is tried.

There are 432 people on the waiting list for plates. Many already own a taxi, but the council has specified that the new plates must only be issued to people who have worked in the trade full time for at least two years and who do not already have a licence.

And this is where the jockeys' rebellion is growing. About 75 night drivers, none of whom own their own cabs, have signed a petition calling on the association to change its stance.

There are about 630 licensed drivers for the 430 cabs. One driver claims that the owners want to keep the trade restricted so they can continue to rent out their cabs, usually at night, cutting their running costs.

The main radio systems for taxis is the TOA system, which is linked to the association with a Joint Trade Committee. The threat to withhold radios from any drivers taking up the new plates means that the drivers who are on the list are already discussing setting up their own system, with the 60 newcomers and the independent owners in the city.

The drivers, who do not wish to be named for fear of retaliation, and possibly losing their livelihood as jockeys, believe they can succeed in opposition.

Threatened

One said: "As an individual I feel threatened and vulnerable, but my attitude is I am not prepared to be dictated to.

Another said that owner drivers did not want new cabs on the road. A general meeting of the association on August 19 would be controlled by the owners, with "no way the drivers can win," he said.

The rebel drivers have offered to meet Coun. Wilkinson to put their case. Coun. Wilkinson said that the General Purposes Committee which passed the ten plates a month felt it was reasonable to reduce a waiting list of 432.

The now defunct Price Commission had recommended that no restriction should be placed on Hackney carriage licences by local authorities, to end monopolies. This system already operates in London

Taxi drivers queue up for fares in Stephenson Place, Birmingham, after driving in convoy through the City in protest at the proposed issue of new licences by the City Council.

Exhibit 15 A

ednesday, April 13, 1983 The Washington Post THE DISTRICT WEEKLY Comics / D.C. 1

Cabbie Laments Poor Image Of Hackers

By MARLENE SOKOL

Special to The Washington Post

By VANDRIA HARNISH HILLIAN — The Washington Post

Joseph Bradley, an old-fashioned cabbie, is glad to help city's tourists.

It's hotel checkout time on the kind of day cab drivers dream about—a rainy Thursday, with a builders' convention in town.

As Joseph Bradley pulls his hack into the tree-lined driveway of the Sheraton Washington Hotel on Woodley Road NW and looks for passengers, he recalls a time when the conventioneers would have been off limits to him.

Bradley, 54, started hacking the District streets 31 years ago, when cab companies were segregated and only Yellow Cab served the major hotels.

Although segregation once restricted Bradley to driving for small companies on the city's outskirts, he speaks almost nostalgically of an era when cab drivers were both trusted and revered in the community.

"People would put tiny infants in your front seat and say, 'Take my

See CABS, Page 3, Col. 1

EXHIBIT 15 B

Washington Post April 13,
1983 Page 5 Col. 4
District Weekly Section

Cabbies Urged to Become Goodwill 'Ambassadors' To Capital's Tourists

CABS, From Page 1

child home. Men would cash their paychecks, give me the money and say, 'Take this home to my wife.' These days, even if someone gave me the money, I'd be afraid of being robbed along the way."

The city government apparently is also concerned about the image of its "unofficial ambassadors." It has planned a reception for Sunday at the Washington Convention Center to recognize the cab drivers' vital role in promoting goodwill and tourism in the capital city.

Bradley, a graying, soft-spoken man who resents implications that today's cab drivers are neither courteous nor trustworthy, hopes to use the occasion to make a pitch for more hack inspectors and better taxicab regulation. He believes younger, less conscientious drivers have corrupted an industry that in earlier times was known as the nation's finest.

Yet, he admits it isn't easy to adhere to his stringent cab driver code of ethics. Crime has gotten so bad, he said, he now thinks twice about whom he takes into his cab.

"You used to be able to go anywhere in the city, day or night, and you didn't worry," Bradley said of Washington in the early 1950s. Back then, "temporary" government buildings dotted Southwest, streetcars crisscrossed the city's main thoroughfares and Northern Virginia was mainly "a swamp."

Georgetown, where Bradley lived until 1952, was a "slum" of old homes with outdoor plumbing. He later moved to Northeast, driving as long as 18 hours a day to support his wife and five children.

He likes what he sees along today's streets. The sparkling new office buildings and the convention center traffic are the signs of a city suddenly proud of itself and its central role in the nation, he said.

But the changes the District has seen during the past decade have not entirely benefited cab drivers.

Integration in the late 1960s dismantled the race barriers that once put all-white companies, including Yellow, Diamond and Liberty, off-limits to black drivers. But the past decade has brought rising crime rates, Metrorail and, most recently, competition from immigrant taxi drivers.

Bradley said a shortage of supervision [four hack inspectors supervise the city's 8,500 cabs] has caused drivers' performance to slip and with it their once glowing reputations.

"It's just not the same anymore. Washington used to have the best cab service in the country. Now people just don't care about the job anymore, and they're giving all of us a bad name," he said.

Many drivers overcharge, turn down fares and refuse to travel to "unsafe" areas, knowing they can do so with impunity, he said.

Donald Anderson, supervisor of the District's Office of Public Vehicles, said he receives about 25 formal complaints a week about cab drivers.

One driver allegedly charged $80 for a trip from National Airport to a downtown hotel, according to hack inspector Vincent Cerverizzo.

"A lot of these guys will just make excuses," Bradley said. "They know it's illegal to turn down a fare, but they say things like, 'I don't know how to get to that address.' That's nonsense. If you're a hack, you're supposed to know."

Hacking is practically a family business for Bradley. Two of his brothers drive cabs, as does his 24-year-old son. It's a job for "the independent type," he said, and it is perhaps this very independence that has prevented hacks from organizing effectively.

"A lot of us would like to break up Zone 1 [the central fare zone bounded by 22nd Street NW, Florida Avenue NE, 2nd Avenue SE and Maine Avenue SW]. We don't really make any money on those $1.70 fares. But every time they have a hearing, so many different cab drivers' associations show up with their different ideas they end up not giving us anything."

Associations in the city include the Taxi Industry Group, the Fraternal Order of Taxi Drivers and Taxi Owners, the Washington, D.C., Taxicab Association and the Professional Cab Drivers' Association, of which Bradley is president.

There have been some successes, though. In 1978, after cab driver Timothy R. Young was slain in his cab, Bradley organized a 300-cab funeral procession that traveled down 14th Street NW past the District Building.

The procession, and subsequent meetings with then-Police Chief Burtell M. Jefferson, led to the installation of citizen band radios in seven police cars and about 350 cabs.

The late President John F. Kennedy and his brother Robert Kennedy rode with Bradley as U.S. senators. "John Kennedy was a friendly fellow," Bradley said. "Robert was a lot more quiet. I remember the first time I met him, I asked, 'Hey, (are) you Robert Kennedy?' And he just mussed up his hair and said, 'Why, do I look like him?'"

Bradley said Alabama Gov. George Wallace rode in his cab shortly before the 1972 assassination attempt on him.

Bradley said he is pleased with Mayor Marion Barry's suggestion that hacks act as unofficial ambassadors in a city where the second biggest industry is tourism.

"I'm always willing to tell someone that there's the Washington Monument, that it's 550 feet high and that it has 898 steps and that the elevator will get you up to the top in 62 seconds and that you used to be able to walk up to the top until it got crowded and they had to make people ride the elevator."

"It's just part of my job," he said. "Some of the younger drivers complain that the public expects too much of them. But I say you have a responsibility to the public. We need that kind of attitude again. We need cab drivers that the people can trust."

EXHIBIT 16

THE TAXICAB INDUSTRY GROUP
1033 THIRD STREET, NORTHEAST • WASHINGTON, D.C. 20002

TELEPHONES: 546-1975 — AD 2-3700

WILLIAM J. WRIGHT
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Vice Chairman
FRED D. MATTHEWS
Executive Secretary

HENRY P. WILEY, SR.
Chaplain
FRANCIS MEDINA
Secretary
ROBERT TAYLOR
Treasurer

November 21, 1985

Memorandum

To: OUR RIDING PUBLIC

From: Taxicab Industry Group

The Taxicab Industry of Washington, D.C., needs the support of our riding public, a public that we feel we have served well over the years.

This Bill 6-159, introduced and sponsored by Councilmember Betty Ann Kane, if enacted, has provisions that would destroy an industry that Blacks, minorities, and other independent owners of this city have used as independent entrepreneurs to buy homes, to educate their families, and establish themselves as contributing taxpaying citizens to the general welfare of the community.

Our entire industry is the only non-subsidized unit of the transit system of this city ran and operated by independent businessmen, and we feel it should be preserved.

The considered judgment of the Taxicab Industry Group, which represents an excess of 60 percent of the industry, feel that, if enacted, this Bill would destroy the easy access of this industry to Blacks and minorities as a source to unemployment and would put into place a very fertile, political atmosphere in which corporate interest could swiftly move in. Once this corporate ownership is established, the chances of Blacks and minorities getting into the taxi industry would be nil as is evidenced in Chicago and San Francisco where the Mayors of those cities cannot get the Public Service Commission licenses opened for Blacks and other minorities to enter their industry.

The Bill and other acts of the Government would eliminate individual ownership and would deliver ownership of the industry to corporate interests. A corporate body being perpetual may lose a driver but not a license. When an individual commits a violation or passes, this license, which will be non-transferable under this Bill, will be lost forever to the independent drivers.

So there will be no doubt about it, our organization has gone on record more than once as urging both the Council and the Mayor to put the necessary hack inspectors on the street to get rid of the bad cab drivers who are doing our industry a dis-service by their abusive and discourteous acts. If you believe that more hack inspectors are needed to police our industry as we do, we urge you to call the Mayor who has the power to correct this imbalance today.

We have enough laws on the books as it is. We don't need to be over-regulated to the point of being put out of business.

Will you help us defeat this Bill by calling the Mayor and members of the City Council and ask them to vote against Bill 6-159? Call 724-8000 for City Council.

Thank you for your time and support.

Sincerely,

William J. Wright

Fred D. Matthews

[Excerpts from a study by Charles Olson, Ph.D., associate professor, and Phillip Kuehl, Ph.D., assistant professor from the University of Maryland, hired by the D.C. Public Service Commission.]

bad, 23.4% think it is good, 23.1% feel it is about average, and 3.9% express no opinion.

When the adequacy of taxicab telephone service was related to quadrant of the city, it was found that most people in the Northwest rate service as good, while respondents in the Northeast, Southeast, and Southwest indicate that service is bad. This finding tends to confirm the generally recognized notions about telephone service in the District of Columbia. In addition, the frequency of taxicab ridership, respondent age, educational level, and sex were not statistically related to perceived levels of the adequacy of taxicab telephone service.

h. Nearly three-quarters (74.3%) of the respondents feel that D.C. taxicab drivers know their way around the city well, while only 5.3% disagreed with this viewpoint. While respondent frequency of ridership, age, educational level, and sex were not statistically related to this result, respondents in the Northeast, Southwest, and Southeast tended to rate driver knowledge of the city lower than people in the Northwest.

i. When respondents were asked about shared riding, 59.5% thought that it was a good system of taxi ridership, while 28.2% thought it was bad, and 12.5% expressed no opinion. In general, respondents in all geographic quadrants of the city, age categories, educational levels, and male-female categories rated shared ridership as good. However, most respondents who ride in taxicabs less than once a month rate shared riding low in comparison to all other ridership categories. This finding reflects, perhaps, a lack of knowledge and experience with this system of ridership among the respondent group.

d. Most respondents (49.6%) believe that the taxicab meter system does not result in low fares in cities where it is used, 22.9% indicating it does result in low fares, and 27.5% expressing no opinion. Taxicab ridership, quadrant of the city, and age levels were statistically related to this overall response pattern. Generally, respondents who ride cabs once a week or more often said that the meter system results in high fares in cities where it is used, while all other ridership classes thought it resulted in low fares. Respondents in the Northwest and Southwest think that the meter system does not result in low fares, while residents of the Northeast and Southeast say that it does. Finally, while most respondents in the 45 to 64 age category believe that the meter system results in low fares where it is used, respondents in all other age categories disagreed with this viewpoint.

e. Finally, respondents were asked if they preferred the present system of zones in D.C. or a meter system. Overall, 46.1% prefer the present zone system, 3.9% prefer a changed zone system, 32.3% prefer a meter system, and 17.8% expressed no opinion. In specific terms, most respondents who ride taxicabs more than once a week or about once every two weeks prefer a system with changed geographic zones. Respondents who ride cabs about once a week prefer the present zone system, while respondents who ride taxicabs about once a month or less prefer the meter system. When age was analyzed with respect to this question, people in the 25 to 44 category favored a changed zone system, while all other age groups prefer the present zone system. Geographic quadrant of the city, and the educational level and sex of the respondent were not statistically related to findings on this question.

In summary, most respondents believe that the zone system has resulted in low taxicab fares for D.C. riders. In addition, the sizes and shapes of the present zone system were evaluated as fair and reasonable. However, the meter system was regarded by most

3.2.1 Perceptions of Taxicab Service in the District of Columbia (On-Site Sample)

a. When respondents were asked to compare the taxicab service in D.C. with other major cities, 45.0% of those responding said it was good, 40.0% said it was average, and 10.3% indicated that it was bad. It is significant to note that, while D.C. and suburban Virginia residents tended to rate service average and suburban Maryland residents rated it bad in comparison with other major cities, residents not living in any of these jurisdictions rates service good in a statistically significant fashion.

b. When these perceptions of taxicab service were analyzed by geographic location, service at National Airport was regarded as bad by respondents in this sample. In addition, service at Union Station, 16th and K Streets, Capitol Hill, and Federal Triangle was perceived to be good, and L'Enfant Plaza service was rated as average. In summary, the two findings just discussed tend to confirm generally published aspects of D.C. taxicab service with respect to National Airport and most downtown locations included in the sample.

c. When D.C. telephone-dispatched taxicab service was examined, 27.7% indicated it was good, 23.8% said it was bad, and 48.5% of those responding expressed no opinion. In general, residents from D.C. and suburban Maryland and Virginia tended to regard telephone service as bad and respondents not living in any of these jurisdictions rated D.C. telephone-dispatched service as good.

d. Most of the respondents (82.6%) thought that D.C. taxicab drivers know their way around the city well, with 8.0% disagreeing with this viewpoint and 9.4% not expressing an opinion. This finding was shared by all groups of respondents in the study -- including persons not living in the D.C. metropolitan area.

e. The subject of shared riding was examined in this questionnaire. Over half (56.5%) of the respondents feel that shared riding is a good system of taxi ridership, while 33.9% of those responding think it is bad, and 9.6% expressed no opinion. This response pattern was found among all respondent categories in the sample.

f. However, when shared riding was analyzed by geographic location within the city, it was judged bad at National Airport, Union Station, and 16th and K Streets, while good at L'Enfant Plaza, Capitol Hill, and the Federal Triangle.

3.2.2 Perceptions of Taxicab Fare Levels in the District of Columbia (On-Site Sample)

a. When respondents were asked about the cost of taking a taxicab in D.C., 56.9% of the respondents believe it is lower than in most other major cities, 28.5% said it is about the same, 5.7% said it was higher, and 8.9% expressed no opinion. In analyzing these results by place of residence, it was found that respondents from D.C. and suburban Maryland thought that D.C. cab service is less expensive than most other cities, while suburban Virginia respondents and all other respondents think cab service is more expensive than in other major cities.

b. Respondents at National Airport and L'Enfant Plaza generally regard the cost of taxicab service to be higher than in most other cities, while respondents at Union Station, Capitol Hill, and Federal Triangle thought service costs less, and persons responding at 16th and K Streets felt that D.C. taxicab fares were about the same as in other major cities.

in this interview are broken down according to whether they pertain to matters within the control of the D.C. Public Service Commission or some other body.

1. Items of Interest to the PSC

The Industry Group was against taxi meters in D.C. cabs. They felt that the $300 per meter cost would drive some drivers out of the industry and would result in higher costs and fares for the remainder. A factor cited here was the time lost while meters are under repair. An additional reason for disliking meters was they they would bring the industry a step closer to fleet ownership, a development that they are very much against.

The Industry Group favored the continuation of the zone fare structure, with the following changes:

a. The long zones in Northeast and Southeast should be shortened to better reflect the costs of making trips in these zones.

b. The higher costs of operation when driving rush hours should be dealt with by imposing a rush-hour surcharge in zones 1 and 2, or by making the fare higher than the present zone fare or a time charge. The amount suggested for a time charge was 10¢ per minute; presumably this would apply at any time but would be more of a factor during rush periods.

c. Zone changes should be made so that the zones take about equal time to pass through.

The Industry Group is very much in favor of shared riding. They believe that this has improved driver income and taxi availability during rush periods, and it has improved service in the poorer areas of the city. The fare system has not been the problem

b. Nearly two-thirds of the drivers (64.8%) felt that the present sizes of D.C. taxicab zones should be changed, 16.9% indicated that present zone areas should be maintained, and 31.0% gave no opinion. In summary, responses to the preceding question suggest that the sizes and shapes of the present zone system are reasonable for most people riding in D.C. taxicabs. However, on this question, most of the drivers asked believe that the present sizes of the zones should be changed. The explanation for this trend, it seems reasonable to conclude, comes from the belief among 73.9% of the driver sample that the present zone system results in low taxicab fares (this result was reported previously in the report).

c. Most respondents (53.2%) said that taxicab meters do not result in low fares in cities where they are required, 15.8% indicated that low fares were the result of a meter system, while 31.0% of the sample expressed no opinion on the subject. In essence, then, responses to this question appear to suggest that many drivers believe that higher fares are associated with the use of taxicab meters.

d. However, when asked if they would prefer to keep the present system of taxicab zones or would prefer that all D.C. cabs be required to have meters, 49.7% of the sample preferred the zone system, 32.5% preferred the meter system, and 17.8% expressed no opinion. When these results were analyzed by length of experience or part-time/full-time status, no statistically significant relationships were found. In summary, even though meter-determined fares were judged to result in higher fares in cities where they are used, most D.C. taxicab drivers do not prefer meters over the present system of zones in the District of Columbia.

[From the Miami Herald, Dec. 27, 1970]

WITH NATION'S HIGHEST RATES, DADE TAXIS ARE FOR THE FEW

(By Juanita Greene)

Shouting "Taxi!" is a very expensive thing to do in Miami and the rest of Dade County.

The fares here are among the highest of any metropolitan area in the U.S. A Herald survey of many large cities found only one (Oakland, Calif.) with rates as high and none with higher rates.

Moving about by taxi in this area is a luxury reserved almost exclusively for the free-spending tourist. The average citizen calls a cab only in emergencies.

The meter starts out at 50 cents and begins rolling like a barrel over Niagara Falls.

"Gluck, Gluck, Gluck" it goes, adding a dime with each turn. The fare is 10 cents for every one-sixth of a mile if the cab is moving. If the taxi is idling at a light or caught in heavy traffic, another fare, based on "waiting time," is superimposed over this base charge. This added charge is 10 cents a minute.

The result:

To go from the Dupont Plaza Hotel in downtown Miami to the Dupont Building in downtown Miami via a route that covers eight blocks, the fare on one trial trip was $2.10. This is about 26 cents a block, plus tip.

Rates like these explain why the taxicab plays a relatively insignificant role in Dade County's transportation picture. The taxi hasn't been much help in taking the private auto off the crowded highways.

Few people ride taxis on routine trips as they do in some other cities. It's just too expensive.

Some of the facts behind the high fare:

The number of cabs allowed to operate is very limited. The big people in the cab business, including Moyshe Zilber and William and Stanley Segal, got a freeze on a new cab permits from the 1967 state legislature. Not until there are more than 1,200 persons to each cab in the unincorporated areas and more than 850 persons for each cab in the cities can more be issued. In most places it will take 10 years or more to reach that level. Who determined the people-to-cab ratio? The taxicab industry, says Zilber.

It takes a big investment to get into the cab business because of the freeze on permits. With no new ones available, existing permits are selling for between $15,000 and $18,000.

Most permit owners do not drive the cabs. They lease out their paper, or legal permission to operate. The lessee in turn often hires someone to drive the cab, creating another layer of cost. Taxi union official George Kern reported a permit owner can make from $3,500 to $4,500 a year merely by allowing someone to use his permit, without investing in a vehicle or any operating expense. Kern thinks it would be better for the cab industry and the public if every permit owner were required to drive his own cab.

Taxicabs can't pick up passengers just anywhere. If a cab is registered in Miami but not in Coral Gables, for example, the driver can pick up a passenger in Miami and drop him off in Coral Gables. But he can't pick up a passenger in the Gables and take him to Miami on the way back—at least, not legally. This restrictive policy leads to "deadheading," which runs up the cost of operating a taxi because it usually has to return empty to home base. It also leads to confusion, jurisdictional infighting, cut-throating, cheating, frustration and a bruising of the public interest. Some cab owners, with luck, foresight and money, managed to get permits in more than one city, so their drivers have more latitude in scouting for passengers.

Taxi drivers spend about half their time waiting for passengers instead of hauling them. Both Zilber and Kern estimated that in an average 10-hour day, five hours are lost waiting for fares.

Insurance, the biggest operating cost in the cab business, keeps going up. The bill now is about $1,500 a year per cab.

The county's big bus system is not set up to make it feasible for taxis to serve as "feeders" to it. Few people take a cab to catch a bus, as they do in many cities. One handicap, Zilber reported, is the absence of bus terminals. With them both the cab and the bus service would improve, he said.

Cabs are not allowed to act like jitneys. They can't make appointed rounds in the same neighborhood each morning to pick up a load and head to a central location, such as downtown Miami.

The tourist is more sought after by cabbies than the local resident, especially the tourist so infected with the joy of vacationing that he takes long rides, does not question the fare and gives large tips. One fare like this is worth 10 little old ladies loaded down with brown bags waiting outside the supermarket.

The most lucrative generator of taxicab business, Miami International Airport, is closed to all but one group of cabs.

Because of jurisdictional confusion, no one can say exactly how many cab permits are out in Dade. Some permits don't mean much because they allow operation only in limited areas that generate very little business.

Zilber estimates there are about 1,100, including some "sleepers" that were issued by small towns before the freeze and are not being used.

Most significant are the number of cabs registered in Miami—431, and Miami Beach—204.

To look into the taxicab situation in Dade County is to wander in a maze of antipathies left over from fights to corner the industry or the supply of customers. Most of the wrangling has been over the tourist, arriving at plane, train, bus and boat terminals and residing at big hotels.

The principle of free enterprise with open competition has not been the guiding one in the hack business.

"It's like a fellow who builds up a good grocery business then has someone open up across the street," said Zilber, explaining what prompted him to push for the cab quota law.

Official records show the legislation was introduced in the House of Representatives by Murray Dubbin, Robert Hartnett and Carey Matthews. A companion bill was introduced in the Senate by George Hollahan.

Dubbin said he could not recall having anything to do with the legislation, but Hollahan said Dubbin had discussed it with him.

"It went through without a hitch," said Hollahan. "The Dade delegation supported it and not too many taxicab people objected."

Asked how he arrived at the one cab to 1,200 persons ratio, Hollahan said.

"We relied on the expertise of Stanley Segal, who at the time was in the cab business."

The Segal family at one time owned more cabs than anyone else in Dade County.

With this advantage they have been able to win the exclusive right to operate out of Miami's main airport since before World War II. They hold the franchise even today though they have sold out at both ends.

About 12 years ago, in the face of union activity among their cab drivers, they sold their cabs to the drivers. The price was $5,000 each, with a 10-year payment plan for both the vehicle and the permit.

Though cabless, the Segals' Red Top Sedan Service, Inc., still held the Port Authority's franchise when it sold the business to the Greyhound Corporation three years ago. Stanley remains president of Red Top and operates the cab end. Red Top also had the limousine franchise which was bought by Greyhound. Brother William now operates Greyhound Rent-A-Car and is president of that.

Red Top today polices the select group of cabs allowed to operate out of the airport, providing starters and the discipline said to be needed to keep down fights among drivers over who gets the passengers.

The bulk of the airport service is carried out by the 233 former Segal cabs which operate as Yellow Cabs with certificates from the city of Miami. These cabs now are owned by 25 companies, groups and individuals. Thirty-nine of Zilber's 61 cabs are part of this Yellow fleet.

Also serving the airport are 30 "Airport Taxis" which operate under Florida Public Service Commission certificates owned by Red Top. They were granted before the freeze. Red Top leases out the certificates to drivers who own their own cabs. Most are Cuban.

They take the trips that the Yellows don't want, operating a "shuttle," or short haul service. The Yellows don't care to deal with a passenger who wants to go to a hotel near the airport or to Coral Gables or Hialeah when there are people in line who want to go to places like the Fontainebleau Hotel at a cost of $7.50 plus tip.

Before the "shuttle" service was established, home folks did a lot of complaining about being shunned by the cabs at the airport.

For the privilege of operating at the airport, the Yellow Cabs pay Red Top a fee of about $23 a week and the Airport Taxis pay $68 a week. Red Top in turn pays the county a fee, which amounted to about $270,000 last year.

The Dade County Port Authority is very happy with its franchise with Red Top, reported Daniel Morgan, real estate and concessions officer.

"It's a beautiful arrangement," he said, "because it means a lot of income for the Authority."

Each arriving passenger, whether he takes a taxi or not, makes a contribution to the Port Authority coffers by his mere presence on the premises.

For each body that departs from a plane, Red Top pays the county eight and a half cents. A nickle of that is for the exclusive right to operate taxis from the airport and two and a half cents is for the exclusive right to operate limousines.

Stanley Segal reported that last year about 5 million bodies were counted, for which his company paid the Port Authority $450,000—$270,000 of which was for the cab franchise.

Significantly, taxicabs and limousines each carry off only 10 per cent of the arriving passengers.

Combined, they do not transport as many passengers as rental cars, in which 25 per cent of the passengers depart from the airport, adding to the congestion on the streets and in the parking lots.

In fact, Segal reported, Miami International does more rental car business than any other airport in the U.S.

"The fleets here are enormous," reported Morgan. "At the height of the season we will have 7,500 rental cars available at the airport."

Last year the rental cars at the airport generated more than $16 million in business and paid the Port Authority $663,000 for the privilege of operating here.

The high cab fare coupled with the inadequate bus service undoubtedly has a lot to do with making Miami one of the rental car capitals of the world. Tourists, like home folks, find the only way they can move around conveniently is by private auto.

After Dade's new countywide Metropolitan Government was created in 1957, an attempt was made to bring all taxicabs under uniform regulations and licensing. But the Miami Beach taxis sued and won a court decision that threw Metro out of the taxi field.

So it is today that certificates for cabs picking up passengers in the unincorporated area are the responsibility of the Florida Public Service Commission, though it can't issue any because of the freeze.

Each city and town maintains jurisdiction over the cabs picking up in their boundaries though, again, they can't issue any more certificates if they are over the quota.

Before the 1967 freeze, some cab companies and individuals were getting certificates from small towns like West Miami. The hope was that eventually Metro would find a way to move in on the cab permit field and make all existing certificates good for pickups anywhere in the county. This would take an act of the Legislature.

Fares are set by each city, and all follow the lead of Miami, which recently granted an increase.

In the unincorporated area, cabs can charge whatever the traffic will bear, as long as they post their rates. Some along the strip north of Miami Beach are known in the industry as "happy buccaneers." They work till the small hours, transporting patrons around to thumping night spots.

Cab moguls like Zilber and Segal defend the present system and rate schedule as the most beneficial for all concerned.

"We have the best cab service in the U.S." said Zilber.

Perhaps, but restrictions and red tape have put it at a price few can afford.

[From the Miami Herald, Dec. 27, 1970]

WASHINGTON'S CABS SHOW WHAT'S POSSIBLE

The city with the taxicab system most unlike Dade County's is Washington, D.C., said by many travelers to be the city with the best taxicab service in the nation.

Cab fare there is cheap and cabs are plentiful. Many people use them to move about the city, finding it more economical and more convenient than driving their own autos.

Unlike Dade, there is no limit on permits in Washington. Any person of ordinary health and intelligence who owns a safe automobile can go into the taxicab business. It costs him about $25 for his permit.

Rates are by zones, so no meters are needed. They start at 75 cents. That, for example, is what it costs to go from the Capitol Building to the Mayflower Hotel, both of which are in the same zone. (The story goes that this was deliberately done because so many lawmakers stay at the Mayflower.)

Crossing one zone boundary brings the fare up to $1.10 two boundaries to $1.45. The most it would cost, to travel diagonally across the district through all zones, would be $3.30. That would cover about 14 miles as the crow flies. A 14-mile trip in Miami would cost about $14.

"Every driver is practically his own individual entrepreneur," said Norman Belch, chief engineer for the Washington Public Service Commission.

There are no hired drivers, he said, because owners do not find the practice sufficiently lucrative. Some cabs are leased, but the cost does not include payment simply for the privilege of operating, as it does in Miami. The individual owner-drivers usually join an association or company so they can use the name and color of the group.

One of the big companies is Yellow Cab, which includes about 650 cabs driven by the owners and 300 leased by the company. The lease cost is from $8 to $11 a day, depending on the age of the car and the number of hours it is used.

Insurance is only $6.50 a week, or $338 a year, under rates set by the Public Service Commission. Two large associations are self-insured.

Through an arrangement worked out with suburban areas, District cabs can pick up outside their territory, so deadheading is not the problem there that it is in Dade.

The taxi-to-population ratio is about one to every 75 persons, reported Belch. There are 9,191 cabs licensed in the district, including 398 which operate independently of any company or association.

Can a taxi driver in Washington make a decent living?

"If he devotes himself to his work he can, and many of them do," reported Belch.

The same report came from William F. Gresham, general manager of Yellow Cab.

Many of the Washington cab drivers are part-timers who hold down steady jobs elsewhere. Gresham referred to one who works in the Treasury Department and brings passengers into town on his way to work and takes them out on his way home.

Mr. BARNES. Before we get to questions from you we will hear from Mr. Smith. We welcome your testimony this morning.

STATEMENT OF DANIEL SMITH

Mr. SMITH. Mr. Chairman, members of the subcommittee, my name is Daniel Smith, 306 H St., NW., Washington, DC. I represent a group of cab companies in the association totaling about 3,500 cab owners and operators. We would like to enter in the record for the subcommittee's consideration certain facts pertaining to the operation of taxicabs in the District of Columbia at the present time. Rather than read the entire statement I would like to have it entered into the record.

Mr. BARNES. We will enter your entire statement in the record.

Mr. SMITH. All right.

First, a brief history of the industry. In 1945 the taxicab industry consisted of approximately 4,500 taxicabs. We had 12 to 15 hack inspectors to supervise the operations. Today, we have about 10,500 licensed taxicabs in the District of Columbia or 11,000, depending on who you are talking to. Of that number, I understand that there is possibly 2,000 or more of them noninsured.

We have four hack inspectors who do not work full time. They work only part time. As it relates to taxicabs they are full-time policemen. Of course, they do a good job while they are out there. They are effective, but they just are not enough to go around and many times there is no one on the street at all to supervise the operation.

We did, as Mr. Wright has pointed out, get a rate increase back in March 1985. Since that time, we have had 15 new cab companies and approximately 2,000 more licensed taxicabs in the city. None of them have two-way radios in them. None of them are serving the city. Most of them are working out of the airport. It is causing an excessive number of taxicabs in the downtown area. And at the airport it has afforded great impact on our neighbors in Maryland and Virginia who are in the taxicab operation. We have practically squeezed them out of the airport. There are 350 cabs or more in line out there all the time. It takes sometimes as much as 2 hours to get a fare to go back to downtown Washington. That would generate $8 or $9 normally.

So you can see it is economics. The overcharging that you have alluded to is economics. The drivers have to do it to survive. We have too many cabs in the District of Columbia now, and the cars that are being put in service are basically ex-police cars, ex-government vehicles and ex-taxicabs from Maryland and Virginia with an average mileage of from 85,000 to 95,000 miles—average age of from 5 to 7 years. Average age of taxicabs in this city today, the best estimate I can get is 8½—9 years.

They are maintained fairly well for the age and the economy that now exists. The drivers don't make enough money. Gross revenue now in the outlying areas of most major cities in the country for taxicab operators is about $22 an hour on the average. In the District of Columbia, the public service commission says that we should be able to work on less than $13 an hour. That is a gross revenue. You can see from what the operators are receiving for the service, they are not able to maintain their cars properly and it is a very frustrating situation. They are overworked, they work long hours, so that is the reason you do have some problems as far as passengers are concerned.

We supported the taxicab commission so we could get hopefully established under one administrative control. The taxicab commission will only be as good and as effective as the persons of course who are appointed to it. If we get concerned people, who study the issues, and analyze the existing condition—take into account both needs of the consumer and owner/operators and render decisions on a fair and equitable basis—then we should be able to resolve some of these problems. But if we don't, we will not resolve them. We will continue with the same situation that we have today.

We have on a number of occasions asked the public service commission to allow the installation of taxicab meters in this city and each time that we petitioned them, of course, they remind us of the fact that they, as employees of the District of Columbia budget are not allowed to consider them because of the rider on the appropriations bill.

We have also asked WMATC recently to allow us to use taxicab meters rather than speedometers as the measuring device for our interstate trips from National Airport and other areas and they have not given us a definite no, but they have very emphatically told me that there was some question about whether they had the authority to do it or whether they could do it. We could eliminate some of the problems I think, as far as interstate rates and we have offered to install and maintain and operate the vehicle in a good manner.

But the basic problem here is the excessive number of vehicles, no control, no enforcement of the regulations we do have. We have a long list of regulations. We have one of the most strenuous testing regulations in the country if it were properly enforced, and you are right, we do have a lot of people driving taxicabs out here that do not have an ID card or license to drive a cab. There are excessive numbers of vehicles. One person gets a license, two people drive it. Many of them who may not have a driver's license. That is part of the record.

We have requested the public service commission, the fare structure is not sufficient to provide the owner/operator the adequate equipment to maintain and replace his equipment and provide a living wage. We have asked them to limit the number of cabs, consider meters, and to bring about better enforcement of the existing taxicab regulations. We have also made some other requests as outlined in the petition or the statement to the committee.

As to the moratorium on allowing any new license for a period of times of 3 years, I am glad to answer any questions.

[The prepared statement of Mr. Smith follows:]

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January 27, 1986

Statement of Daniel Smith representing Eastern Cab Company Inc, Imperial Cab Company Inc, Dial Taxicab, Anacostia Cab Association, Barwood Cabs Inc, Bell Cab Association, Metropolitan Cab Association, City Cab, Tan Top Cab, Columbia Cab, Allied Cab Company, D.C. National Cab Company, Yellow Cab Company, Five Star Cab Association, D.C. Express Cab Association and a number of independant taxicab owners and operators before the Subcommittee on Government Operations and Metropolitan Affairs of the House Committee on the District of Columbia.

Mr. Chairman, members of the subcommittee my name is Daniel Smith, 306 H Street, N.E. Washington, D.C. 20002. I represent a group of Cab Companies and Associations as well as a number of independent taxicab owner operators, operating in the District of Columbia. We would like to enter into the record for the subcommittee's consideration certain facts pertaining to the operation of taxicabs in the District of Columbia at the present time. First a brief history. Beginning in 1945 the taxicab industry consisted of approximately 4,500 licensed and insured taxicabs in the city. The fare was reasonable and equitable. The Public Service Commission handled the operation of licensing and insuring all taxicabs. The Hack Office, administered by a police lieutenant and later a captain with the force of twelve to fifteen officers and civilians, administered the test for I.D. Cards or Hackers License and policed and enforced regulations pertaining to taxicab drivers and operators in the city.

The District of Columbia had a population at that time of approximately one million people and an inadequate public transportation system that had the reputation of having a safe and efficient cab service operated by courteous and helpful drivers. The War Time freeze on cab licenses was lifted and the cab vehicle population began to increase with mostly new cabs going into service and being replaced every three to five years. This continued into the 1960's as the vehicle population increased, the number of hack inspectors decreased, and with each fare increase obtained by the taxicab industry the number of taxicab vehicles would increase.

Up until and including 1973 when the fares were reasonable and stable, from a thousand to twelve hundred and fifty new taxicabs were put into service each year. Since 1973 new cabs have steadily decreased due to the lack of rate increases to take care of the inflation spiral that began in 1973. Since 1979 there have been very few new vehicles placed in service. The cars being placed into taxicab service now and for the past six or seven years are mostly ex-police cars, ex-government vehicles and ex-taxicabs from Maryland and Virginia, with the average age of the vehicles being six or seven years with the mileage from 75,000 to 100,000 miles. The situation has deteriorated to the extent that at the present time the average age of operating taxicabs in the nations capital is approximately 8 to 8½ years of age, maybe older.

In March of 1985 the industry recieved a long overdue rate increase as indicated by Exhibit # 1. Since that time there have been approximately fifteen new cab companies or associations formed with an additional eighteen hundred to two thousand cab licenses. The additional vehicles have not only diluted the benefits of the rate increase, they have brought about a further exacerbation of the excessive number of vehicles operating in downtown Washington. They have also created lines at National Airport which require the operators to wait anywhere from 45 minutes to 2 hours to get a fare out of National Airport.

A minimum average time consumed by a D.C. cab to downtown Washington from National Airport is approximately one hour fifteen minutes. The fare return for the operator is on the average of $8.00 to $9.00 including tips. Due to the excessive number of vehicles bringing about an untenable economic hardship resulting in tired, overworked, frustrated operators who are not always as courteous as one would expect them to be. They are the first persons visitors of the city come in contact with.

Due to the long working hours and frustrations of owner-operators there have been an excessive number of incidents and accidents, downtown and at National Airport, many between cab operators. Some incidents occur when two cabs are trying to pick up the same fare. In the past several years we and others in the industry continuously made the Public Service Commission aware of these and other conditions.

Prior to the rate increase in March 1985, based on the eleven year record submitted at that time, a copy which is Exhibit # 2, there were an adequate number of licensed taxicabs in the District of Columbia. We request the Commission for a moratorium of three years on the following:

1. The formation or approval of any new cab companies or associations.
2. The issuance of any new licenses under Paragraph 31D, better known as a PSC license to operate a taxicab for hire in the District of Columbia.
3. Freeze the owner-operators in present company levels, not allow any transfers from company to company, transfers from independent to company and company to independent. This would not prohibit the transfering of the PSC license from one individual to another who might want to dispose of his or her taxicab.

We again pointed out to the Commission the taxicab industry had been assessed over one hundred and fifty thousand dollars for comprehensive studies of the taxicab industry in the past few years. Yet the Commission has not taken any action to correct or minimize the overcharge complaints, the refusal of some operators to provide service, or to establish reasonable and workable standards for taxicab service in the city.

We have on several occasions petitioned or discussed with the Public Service Commission the installation of taxicab meters in Washington, D.C. This is the only major city in the world that taxicab meters are not used as a non-discriminatory method of computing taxicab fares.

We were informed by the Public Service Commission since the Commission members were paid by money appropriated by Congress they were not allowed to consider the use of taxicab meters in the city. This relates to the prohibition in the form of a rider in the District Appropriation Bill by the Honorable William H. Natcher of Kentucky. Please address Exhibit #3. We also petitioned the Washington Metropolitan Area Transit Commission in Case no. MP-85-07 to allow on an optional basis the use of taxicab meters for interstate rates consistent with the requested fares. And that the meters be installed and maintained by the owner-operator in the proper working condition. See Exhibit #4.

In 1976 the Honorable John A. Wilson, council member, Exhibit #5, with council approval added a rider to the budget amendment bill striking Congress's ban on using meters in city taxicabs to determine fares. Council Chairman Sterling Tucker said he believed that the rider would be overturned by Representative William Natcher, Chairman of the House District Appropriations Subcommittee. Wilson said he introduced his amendment to allow metered taxis because "I don't think a committee in Congress should be able to tell 750,000 people that they cannot have something."

In addition, Wilson said the present zone system for determining fares discriminates against black people because it is not profitable for taxi drivers to take passengers to Anacostia and the far Southeast and Northeast where many black people live.

In an action by the Honorable William H. Natcher of Kentucky, he again denied the hard working cab operators in the nations capital to the right to use a non-discriminatory system of computing cab fares that is enjoyed by all the Congressional Districts of this great and good land of ours. Pointing out that it had a rider on the appropriation bill for the last 34 or 35 years and it has been continued up until the present time. It is difficult for cab owner-operators of this capital city to understand Congress's reasoning of this prohibition. It is true that the heads of some of the Insurance Companies that insure taxicabs in Washington, D.C. might have contacted the Congressman but to my knowledge they and the companies and associations that have self insured funds are the major objectors to taxicab meters reasoning that they would decrease the number of taxicabs that they would be able to insure.

The Public Service Commission for a number of years had decreed that self insured companies or associations could operate only one color scheme under the bond requirement. They recently changed their ruling to allow multiple companies or associations to operate under one bond fund. This will probably generate more opposition to meters and limitations for the simple reason the major concerns of these operations is to operate the insurance fund. The companies that operate under insurance policies from local companies pay $5 to $6 a week more for insurance then the self insured operators are required to deposit into their respected funds for the same coverage. The Public Service

Commission has not seen fit to address this disparity in payment requirements.

The 42% increase in insurance premiums as evidenced in Exhibit 6, 6A, 6B, 6C, is one of the factors which has brought about the disparity between the self insured companies and the companies that are required to insure with local companies under an approved policy. This has not helped to alleviate uninsured taxicabs in Washington, D.C. The Public Service Commission has not itself, or through its designated agents, addressed the problems of uninsured taxicabs as well as unlicensed taxicab drivers. It creates a hardship on the good hardworking owner-operators. It is possible the premiums would not be as high if everyone paid their fair share. There is no recognition of the owner-operator who has operated in a safe and non chargeable manner for 15 or 20 years. He pays the same premium as the owner-operator who has had numerous chargeable accidents.

In summary:

1. The present fare structure is not sufficient to provide the owner-operator an adequate income to properly maintain and replace his equipment and provide a living wage as enjoyed by other wage earners in comparable job status. It is discriminatory both to the owner-operator and the consumer. It does not properly compensate the owner-operator for long trips under the zone system and it discriminates against and causes an overcharge of the consumer on short trips.
2. The present discriminating zone system should be replaced with a non-discriminating meter system.
3. Limit the number of licensed vehicles for hire. (There are now 10,000 to 11,000 licensed) Declare a moratorium for three years on any new companies or transfer of cabs from one company

to another. (There have been 15 new companies formed since the 1985 rate increase. There are now 80 or more companies.) Allow the PSC license to be transferred from one individual to another under regulated conditions.

4. The enforcement of existing taxicab regulations and set new standards for taxicab vehicles alleviating some of the antiquated requirements that are no longer relevant to the operation.

As evidenced by Exhibit #7 the Public Service Commission found the zone system to be discriminatory as far back as 1931. Exhibit #8 will attest to the fact that some of the recommended changes are controversial.

We supported the legislation establishing the D.C. Taxicab Commission in the hope that we could under one organization establish administrative control of all phases of taxicab operations. The Taxicab Commission will only be as good and work effectively if the persons appointed to the commission study and analyze the existing conditions taking into account both the needs of the consumer and the owner-operators, and render decisions on a fair and equitable basis for all affected.

I want to thank the Subcommittee for the opportunity to present our concerns and recommendations for your consideration. It is our sincere hope that the committee will take appropriate action to help alleviate some of the discriminatory conditions that have created the inefficient use of both vehicles and man power. That we may better and more efficiently serve the Nations Capital and become a more viable part of the transportation system.

Respectfully submitted,

Daniel Smith

Daniel Smith

Mr. Barnes. Well thank you very much Mr. Smith. That is very helpful.

In the statement Chairman Dellums presented to the subcommittee earlier, he noted among other problems and complaints that blacks have been refused transportation in the city. He noted, in effect, that he and his wife have been refused transportation in the city.

We just had testimony from Mr. Thompson of the Mayor's office, recognizing the seriousness of the problems that the riding public is having with the cab system. In the testimony of all the witnesses that we will hear from later, they are all in agreement that the taxi system in the Nation's Capital is badly in need of reform.

Certainly Mr. Parris and I have heard repeatedly from our constituents and our colleagues, that the situations is just a disaster, and there is a desparate need for improvement. In fact, the image of the taxicabs here in the Nation's Capital is now so poor that they have become sort of a national joke.

Art Buchwald, the syndicated columnist, has written about the taxicab industry, Mark Russell, the comedian, has a regular routine, about taxicabs in the Nation's Capital.

So, Mr. Wright, and Mr. Matthews, I read through your testimony and what I find there, tell me if I am wrong, is a set of recommendations that we maintain the status quo, and you don't seem to indicate that there are really any problems in the industry.

As I sat here and listened to your testimony I wondered if we are talking about the same city, the same taxicab industry.

You have submitted some exhibits in support of your testimony. You submitted a 1970 article from Miami Herald, that says taxicabs in Washington are pretty good—and you submit a survey which you indicate was done, you don't tell us where or when, or what the analysis was, no dates or explanation of the methodology used to conduct it, you come to us this morning as representatives of the taxicab industry and yet you resisted the efforts of the Mayor and the city council to impose stronger regulations on the industry.

You have resisted it strongly and you have really sort of claimed credit for blocking some of the improvements that Mr. Smith has just told us are needed. You hired a public relations firm, according to the documents that have been submitted, to help further the effort to fight the very kinds of improvements that Mr. Smith has said that the companies that he represents would like to see implemented in the city.

Am I reading you wrong?

Are you really telling us things are OK, and we don't need to improve the situation?

Mr. Wright. A lot of complaints you are talking about have Virginia drivers committing these acts. They are not District drivers. Let's start with the airports.

The complaints that arise come from people who might not own District cabs, but also ride Virginia, and Maryland. If you look you will see that in any city. Art Buchwald also makes jokes about New York taxicabs.

I could bring you articles where he is joking about them in the same fashion he had in the paper the other day. I didn't know what that is. We tried to point out the fact in every city in the United States there are problems.

Let's go back to the airport. Prior to the survey they have now, the taxicab industry, we were the ones who went and got the Federal Government to open it up, it was controlled entirely by Alexandria cabs.

Other cabs had to go out and come back to Washington empty. We were the ones who fought the Government.

The Government has not operated the airport in the matter in which we suggested and which they promised.

There is no need for drivers to go out and sit in lines for 2 hours. That is what we told them, not to do it, because we know that a kind of fraud that is going on that was created by the things which they are practicing.

They can make just as much money at the airport if they did what we asked them to do, namely, allow drivers to go out there, drop a fare and get back in line. He can bring somebody back to Washington. They created this monster.

You should do something about the Federal Government, what they are doing, they are the ones that are doing it, not us, we don't approve of it.

Mr. MATTHEWS. Clearly, you said we were against all these things. If you check our testimony very carefully, we were for the various things that you are talking about.

We have a problem here that no one is willing to face and talk about. You go in the pulpit, you have it good and bad. You go in the legislative halls you have good and bad.

You go in the prayer meeting, you have it good and bad.

People are people. So, I don't know whether one can legislate morality, where you can develop control, knowing every happening. But what we do say, let's address the issue in our testimony, we are addressing the issue, we are asking the Government to do something about what we know to be the real problem in this industry, that is control.

I need enforcement. We have all of the laws that are necessary to do a decent job here—it has been commended by Congress. We come to the point where no laws are enforced—then we get into a problem.

The hack inspectors are there, very much needed here to strengthen this and I hope that we embrace that. In fact, we had a part in that request.

That is a mistake to say we weren't in favor of those things. But there were some things in there there we weren't in favor of.

We were not in favor of setting up a monster in which monopoly could walk in at that time and do what they have done to New York, Chicago, and Philadelphia. And alluding to—there is not one iota different in the New York system, where the men go where they want to, and will not haul where they don't want to, and nobody in New York has power to do anything.

We have a better system here. If we had enforcement these men would do their job much better.

I can't embrace the concept that the media cannot do anything toward improving what we are addressing here today—that is a high level of taxicab service—that it is all in the fashion—when a little child knows mommy and daddy are not going home, they will play, and when they know they will be around, they don't play.

So, I am saying this, if we had the enforcement, there wouldn't be the play that we are complaining of today, where a man—that is pulling over to the curb to pick you up, and you step into his cab, and he says, I am not going that way. The law doesn't provide for any nonsense like that.

He gets away with it because there is no one to enforce it. He gets to the hotel stand, he does what he wants to do. We need the enforcement level of our problem.

This thing is composed of several components, and one of the most essential one of these is enforcement, and we know that.

Here anybody that operates has to have its enforcement mechanism in mass, or it is going to pieces. And we—I don't think that it is a fair thing to say we are not for that.

We are for that; we have indicated that in our position here. This Alexandria thing across the river here—Alexandria is having a heck of a time—not back in 1970—it is just more recently—that is right in our back door, they are having a time with meters.

That didn't cure anything. And it is the same type of problems we are addressing here today.

We are saying this, that what we want—and we urged it long since, the taxi group—that we could get some sort of enforcement system that would be effective. But there is another thing I would like to address here today.

Now, I said earlier we know where the problem is. The honest old-time driver of the District of Columbia is giving none of us any problem here. They ~~are~~ rendering essentially fair and decent services. What we do have—we are involved in a world where things are moving fast.

Our globe is shrinking into the smallness of our backyard, and we have some of every complex of the population—public drivers in this town has changed completely—and there are men whose background and morals are entirely different from ours, and have not the slightest concept of what to do—what we would do with regard to doing a job in hauling a person, and have appreciation for having had the passenger to carry, and that is just out of the question.

They don't see it like that. It is grab what I can, out of every move I make, and at the cost of any and everyone, does not matter to me.

There again we come back to what we are talking about. Without enforcement, you can't do anything about it. Our men can't afford to get out in the street and have brawls with those men who don't care where they go.

They come to us, different companies, say I won't mind going to the hotel, but, man, I can't take what goes on there. I am not going to belittle myself by these ugly name-calling sessions. Frankly, I think combatant, would say this, and they get away from that.

I think that we need to address that as part of our problem here rather than saying how bad we are. We know we are not right, we have said earlier that if the government didn't do something about these things we are talking about, then more and more we are going to get very, very bad names.

Mr. MATTHEWS. Out of everything we predicted would happen——

Mr. BARNES. Let me say that I agree with you totally about the need for more enforcement. I think if there is one thing that certainly became clear this morning from every comment, it is that the number of inspectors is just totally inadequate, and there seems to be a consensus on that.

Mr. Matthews, you say that your group has supported the various efforts to deal with the problems that have been cited this morning, but I have here a letter from your industry group, to the residents of ward 6, December 11, 1985,

> We urge you as citizens, who will be affected by this legislation taxi cab act, that we have been discussing this morning, to urge your council members to vote against this legislation.

You go on to say, in this letter, open letter to the residents of ward 6 of the District of Columbia, that this legislation would, "open doors to installation of meters. That it would impose limitations on the numbers of taxicabs."

I am not going to go through the whole letter, but you made a very strong appeal in this letter to voters in the District of Columbia to contact their city council members to block the legislation.

Mr. MATTHEWS. In its totality as it was, we are against the bill as it were. But we are not against the amended bill that was modified to take out some of those things we knew were dangerous for this industry as it exists.

Mr. WRIGHT. That was done as a result of work we did. That is our job, we work for the men of the city, we are out there to protect the drivers and of course, without having public riders, there are no need for any drivers. We work in the interest of both parties.

Mr. BARNES. How many cabs do you gentlemen——

Mr. WRIGHT. We represent about 60 percent of the——

Mr. BARNES [continuing]. Taxicab?

Mr. WRIGHT. We represent about 60 percent of the industry.

Mr. BARNES. How do you represent them, do they pay dues?

Mr. WRIGHT. Companies pay dues—these drivers have a project such as this——

Mr. BARNES. What companies are those?

Mr. WRIGHT. Well, on this particular—incidently, I did not submit a list of them here.

Mr. MATTHEWS. We have gone to the various companies, and the men in the company, I feel, signed in the interest of the company. We didn't do that this time, but I wish we had.

Mr. WRIGHT. Many of the documents which we submitted to the city council——

Mr. BARNES. Are you telling us 60 percent of the cabs in this city are opposed to limitations?

Mr. WRIGHT. A higher rate I know than that. When we take a survey out on meter's limitation, we go to every company in the city, including Mr. Smith's company.

Mr. BARNES. Let me ask Mr. Smith to comment on that question, because you have listed, Mr. Smith, the various companies that you are representing here today, a whole lot of them and it is an impressive list.

What is your response to what you have just been told.

Mr. SMITH. Well, there are many of us who belonged to the IG including myself, years ago, but we dropped out because of the regressive, nonprogressive attitude. That was the only reason we could not get—could not accomplish a reform that we felt that our owner/operators in the city needed, and could not get the limitations on the taxicabs that we thought was in order, a better system of fares, better fare structure, and better fare device.

These companies I represent are basically all of the same opinion that has been expressed in this statement. We ran, I don't know——

Mr. BARNES. In favor of meters and limitations?

Mr. SMITH. That is right. I don't see that everyone of them are 100 percent by any means, you can't get 100 percent agreement with the cab drivers in this city

The argument out there is Congress has prohibited us from making a fair living, they tell the passengers in the cab, they tell me that, when you go down to any of the governmental agencies to try to remedy this situation.

Mr. BARNES. I have heard it all myself.

Mr. SMITH. I have heard it ever since I have been around here for 45 years.

Mr. BARNES. I have been around here for 42 years.

Mr. SMITH. We ran—I don't know when Mr. Wright ran a survey at out organization, but we put out a petition, or a statement. We did run a survey and it was made a part of the record at one of these hearings down in the city council, where more than 50 percent or 60 percent, I believe it was of the drivers wanted limitations.

And about—well more than 50 percent wanted meters or some better device. Of course, they keep hoping people keep talking about when are we going to resign the zone system.

And the owner/operators are concerned about buying a meter. They don't have any money to buy the meter with.

We have about 2,200 radio-equipped cabs in this city, and one time it was down to 1,200.

The equipment is—we are not receiving the local consistency as we should, we are impacting the airport and we are impacting our neighbors in Maryland and Virigina and Alexandria—by the way, and all the other jurisdictions did limit taxicabs. They did not bring about an excessive stockpile of taxicabs—we did.

Mr. BARNES. Well, gentlemen, we have gone a long time on this, we have got lots of other witnesses, and Mr. Parris has not had an opportunity to question you gentlemen, so, I will now yield to Mr. Parris.

Mr. WRIGHT. I would like to make one correction. I don't want to have any with my family, on disagreement Mr. Smith has had. He has been to our meetings within the last 3 months, and the only thing he objects to is meter's limitations. Every other issue we are in agreement.

Mr. **Barnes**. Those are normally important differences and it is hard for me to understand the taxi industry group being opposed to legislation.

Mr. **Matthews**. That is the problem.

Mr. **Wright**. Blacks and minorities will be out of this business, and that, we are always fighting.

Mr. **Barnes**. In the District of Columbia, with the government that we have in this city, blacks will be eliminated?

Mr. **Wright**. It won't make a bit of difference. Money is money.

Mr. **Matthews**. We are dealing with politicians and they do what money moves them to do. You know that and I know that.

You can't possibly save this industry if everywhere it gets attractive to money. When it gets to be attractive to big money it is going to move.

Mr. **Barnes**. We want to keep the industry, is what you are saying?

Mr. **Matthews**. Ordinary entrepreneurs can get out in the community and know these people and do service for these people. We are talking about the American-born man living in town. He is satisfied with the thing. He doesn't want meters and limitations.

Mr. **Wright**. We have a good service there.

Mr. **Matthews**. They won't vote for you or anybody else.

And about our number of companies, there is about 40 or better. We know we need that, we will submit those numbers and the signatures of these people and the companies.

Mr. **Barnes**. That will be helpful.

Mr. **Parris**. Thank you, Mr. Chairman.

Gentlemen, I think the thrust of your comments, as I understand at least, was that the answer is enforcement, simply enforcement of the existing situation. It seems to me you are trying to enforce a system that simply does not work.

The people who are in it have no respect for it; the public thinks it is an abomination. I don't really care if you have 12 inspectors—and I would support that—or 22 or 100; if the system is fundamentally flawed, enforcement is not going to help you.

Our chairman talked about experiences for all his life and Mr. Smith talked about being here 45 years. Let me take you back to a public utilities commission of the District of Columbia, Order 956, dated November 6, 1931, 54 years ago, and it says, "The system of zone taxicab fares now in use in the District of Columbia are entirely unsuitable for a city the size of Washington, DC."

It says in another part that the taxi meter system is the only one which fulfills the conditions we all desire to have in this town. That is 54 years ago.

I hear editorials and read editorials—just a minute, Mr. Matthews, your time will come. I read editorials in the media around this town that Congress should have no business trying to solve this problem. It is a District problem. It is a community problem. I will say one more time, I think this hearing is 54 years too late. That is the only problem with it.

Go ahead.

Mr. **Matthews**. Congressman Parris, we didn't come here to ask that the Congress—we didn't come to ask the Congress to solve this problem. We are trying to deal with it on a very local basis.

We understand some of the older history about this thing. We have many, many years in it.

I don't quite figure this thing about the meter. There isn't a thing that the zone system is doing. There is nothing more the meter can do for this city that the zone system doesn't do. All the zone system does is give you an increment, a distance, and price for that increment. That is all the meter is going to do. The meter isn't going to erase one evil that we are alluding to in this system.

Now, we put in here 16 or 17 exhibits. I hope you take note of those. It is dealing with the very thing we keep talking about, the meter, and there is no cure-all there.

I want to go back to one other thing. In 1931 they said it wouldn't work for this city, but this city, the people of this city—not those of us who want to talk about it—but the people of this city have been very much to the contrary.

I hear you saying these things but out here is the turf, ordinary people who live in this city and they are not talking that type of talk. They are glad that we—do you realize that the federation of civic associations are behind this? They have been to several of these encounters where somebody thought they ought to change something, and they have come in and said, No, no, no, we like what we have. We like the zone system because it is reasonable. We can ride and we can make it across town.

That is the thing that—for a very well-off man, it wouldn't matter what you had. You could give them a gold chariot and he can jump in there and he would ride it. But not the ordinary person. He can't make it.

A cab now costs a man better than $13,000 and if you get the carrying charges, you are talking about $16,000 or $17,000 for a little cab to haul somebody around with it. If we get to that type of pricing, you know what will happen.

Mr. PARRIS. I could show you taxicabs rolling up and down in front of this building that you could sell for no more than $400. They have 400,000 miles on them and they have been out there 10 years.

Let me stop there.

Mr. MATTHEWS. Just a——

Mr. PARRIS. Mr. Matthews, our time is limited. I would just like to ask you a couple specific questions.

Mr. MATTHEWS. All right.

Mr. PARRIS. In the hearing of March 7, 1972, in the Senate, Senator Inouye asked you: "Is it easier to cheat with the meter or the zone?" You, Mr. Matthews, responded: "It is just as easy to cheat either way.

"Senator Inouye. 'How do you cheat with a meter?'

"Mr. Matthews. 'Simply go around more blocks than are necessary.' "

At least the taxi office will know how much you make. And you indicated in a colloquy with a couple other questions and you said, "Taxicab drivers are decent people and they don't cheat."

Mr. MATTHEWS. Not any more than lawyers or doctors or anybody else. I stand on that.

Mr. PARRIS. That may be correct, Mr. Matthews, but that was 14 years ago and nothing has changed since.

Mr. MATTHEWS. You are right.

Mr. WRIGHT. We still have the best system in the world. That is all. Right now.

Mr. MATTHEWS. It is the best system. Right now.

Mr. WRIGHT. We met with representatives from Boston and Cleveland, and I can't think of all the other cities. Mr. Thompson, who just left here, they have come and met with us and asked us to advise them how to change their system to what we got. We know we got the best.

Mr. MATTHEWS. That is right.

Mr. PARRIS. They have meters in every other city, don't they?

Mr. WRIGHT. Meters and the very thing we have here, and they are not satisfied with it.

Mr. PARRIS. Nobody suggests that meters are perfect. The question is——

Mr. MATTHEWS. Why do to us what they do to them?

Mr. PARRIS. The question is, Is it better than what we have now?

Mr. WRIGHT. No.

Mr. MATTHEWS. Not me.

Mr. PARRIS. That is your opinion, gentlemen. Let's hear both sides of this.

Mr. MATTHEWS. I understand that.

Mr. PARRIS. Let's ask Mr. Smith.

The reason the people in this town are against meters is because the self-insured funds, or the major objections to changing it is, if you have meters you will have less cabs to insure. Is that not correct, Mr. Smith?

Mr. SMITH. That is certainly true and that is one of the reasons why we have never had meters, Mr. Parris.

Mr. Wright is president of a self-insured fund; Mr. Matthews is director of an insurance company that has fought meters, by the way, over a period of years. The only equitable way for the people to get quality service is for the operator to be paid a reasonable return for the service rendered. The meter will do that.

Someone gets overcharged and you get into a situation of where, across the zone boundary, you can pay $3 for a 2-block ride. You can ride 5 miles for $3 or 6 miles for $3, as a matter of fact. So this is not an equitable way to charge for service. That is all I am saying.

Let's take the system that has been proven over, lo, these many years to be an equitable and reasonable and a nondiscriminatory system and the limitation you have to have. Every time we get a rate increase here we get more taxicabs and more companies on the street.

Mr. WRIGHT. May I say one thing? The taxis, there are more companies but Mr. Smith knows exactly what is going on. He is losing a lot of his foreign drivers now and they are setting up their own companies, because they leave his companies.

Mr. Smith is president of 10 companies and he is waiting for meters and limitations so he can become a millionnaire overnight. That is not to our advantage. I think you ought to hear all the facts if you start getting into——

Mr. PARRIS. That is what we are here for.

Mr. **Wright**. Mr. Smith has 10 companies now that are set up right now to be a supermillionnaire, if you do what you want done, meters, limitations, because he told me over and over, "I can go to the bank with my companies tomorrow if I got the limitation and get all the money I want. I can't do it now."

So he is upset because of this. I don't think this is right to impose this on others. His drivers don't want meters. Take a poll any day you want and you will find his drivers don't want it.

Mr. **Parris**. We might have to do that, Mr. Wright. I appreciate your telling me that.

Let me go to one other part of this and I will relinquish, Mr. Chairman.

You say in your statement, Mr. Wright, and nobody can disagree with this, that your experiences are that we should have a system that serves the needs of the public. Right?

Mr. **Wright**. Right.

Mr. **Parris**. That is what we are here for, what we are all interested in. And everyone—this is your statement—rich and poor can afford to ride, the man who works in Chevy Chase as well as the banker who lives in Chevy Chase.

Mr. **Wright**. Right.

Mr. **Parris**. Nobody disagrees with that.

Mr. **Wright**. OK. I hope not.

Mr. **Parris**. But I submit to you that there is tremendous discrimination that exists in the cab system in this Nation and in the real world as we see it every day.

Mr. **Wright**. We agree with that.

Mr. **Parris**. The zone system in this city does not, as you suggest, encourage and accommodate the roaming of cabs throughout all areas of the city because the system provides and maintains a process by which the rich fare and the poor rides are downtown and in Georgetown, and we know that.

Councilman Wilson says, and has said in public, that the zone system for determining fares discriminates against black people because it is not profitable for taxi drivers to take passengers to Anacostia and to the far Southeast. That is true, is it not?

Mr. **Wright**. And because it is economics.

Mr. **Parris**. That is not the question, Mr. Matthews. Is your statement correct or not?

Mr. **Wright**. Yes, it is.

Mr. **Parris**. And I submit to you there is discrimination. Councilman Wilson says so and I agree with him. Do you or don't you, yes or no?

Mr. **Matthews**. Let me get the premise—on what premise did he say—he said because of what now?

Mr. **Parris**. I am reading from a summary at least of Councilman John Wilson's testimony when he was talking about the D.C. bill, I think the appropriation bill of last year.

Mr. **Matthews**. OK.

Mr. **Parris**. He says the present zone system discriminates against black people because it is not profitable for taxi drivers to take passengers to Anacostia.

My question to you is that that is true, is it not?

Mr. **Matthews**. No, not the zone system.

Mr. **Parris**. Come on, Mr. Matthews. You drive up to a person standing on the corner and they say, "I want to go to Anacostia," and the driver will say, "I am not going that way." There is a reason. Because they can't make a living at it. You know that. Is that not true?

Mr. **Matthews**. No. No, not because of the zone. It is the economics involved.

If you are using meter or zone, it is the same.

Mr. **Parris**. All right. Exactly.

Mr. **Matthews**. There wouldn't be one thing different.

Mr. **Parris**. I suggest we have——

Mr. **Matthews**. They don't want empty seats coming back.

Mr. **Parris**. So this doesn't address the problem.

Mr. **Wright**. If you read the documents, there are areas where they have cabdrivers with meters who would not go into certain areas. So you have the same situation on the other hand.

Mr. **Matthews**. In New York they had to devise a totally new system of new cabdrivers to take care of the areas where the meter cab cannot go.

Mr. **Wright**. They got gypsy cabs in Baltimore. The problem is they get better service now but in Baltimore, they have not changed their system over there in almost 50 years. They got 1,100 cabs and you can't get a new cab on the street despite population increases.

Mr. **Parris**. Every single one has a meter, right?

Mr. **Wright**. Yes.

Mr. **Matthews**. But they don't serve the public.

Mr. **Wright**. That is what we are talking about.

Mr. **Matthews**. They don't serve the public or areas you talk about. So what we are saying is this, Mr. Parris—Congressman Parris, to address it as a zone system doing something it will not do is not fair. The meter will do just what the zone system will do. The man will not go there with a meter because he doesn't want to bring five dead seats back across town. That is all it is about.

Mr. Wilson intended what was right, but he is wrong. It is not the zone. That is a measurement increment. We are talking about what is the causative factor.

The causative factor is that a man doesn't want to drive 5 miles back with five dead seats and that is all it is. If you go out to those areas, you will come back with five dead seats.

Mr. **Wright**. That is all they are talking about.

Mr. **Parris**. Five dead seats and a meter.

Mr. **Matthews**. Why add more cost to come back with five dead seats?

Mr. **Parris**. It seems to me, gentlemen, you two are the only people that have really appeared before this committee, and frankly the only two, simply two spokesmen for the industry who I find who believe what you are trying to tell us this morning.

Every single major metropolitan area of the country has meters and you say meters are no good.

Mr. **Wright**. They all have problems.

Mr. **Parris**. Of course they have problems. This is not a perfect world.

Mr. **Wright**. OK.

Mr. **Parris**. But it can be better than what it is. And that is one of the——

Mr. **Wright**. Meters won't make it better.

Mr. **Parris**. Perhaps not.

Thank you, gentlemen.

Mr. **Barnes**. Thank you very much, gentlemen. We appreciate your coming here this morning.

We now will welcome our next witnesses, Mr. Paul Davis, independent cab driver; Mr. Danny Gillespie, former president, Diamond Cab Co.; Mr. Alfred B. LaGasse III, executive vice president, International Taxicab Association; and Mr. George Janszen, motor vehicle inspector, District of Columbia government.

STATEMENTS OF PAUL DAVIS, INDEPENDENT CAB DRIVER; DANNY GILLESPIE, FORMER PRESIDENT, DIAMOND CAB CO.; ALFRED B. LAGASSE III, EXECUTIVE VICE PRESIDENT, INTERNATIONAL TAXICAB ASSOCIATION; AND GEORGE JANSZEN, MOTOR VEHICLE INSPECTOR, DISTRICT OF COLUMBIA GOVERNMENT

Mr. **Barnes**. We welcome our witnesses and we will ask Mr. Davis to lead off.

STATEMENT OF PAUL DAVIS

Mr. **Davis**. I have a prepared statement here. I would just like to enter it into the record.

Mr. **Barnes**. Thank you, Mr. Davis. We will include your statement in the record.

Mr. **Davis**. I am Paul Davis, an independent cab driver, a native Washingtonian. I have been driving a cab in the District of Columbia for 5 years and I have also very diligently followed all the legislative processes concerning the taxicab industry in the past 5 years. I have also spoken and participated in numerous hearings concerning the taxicab industry both before the D.C. Public Service Commission and the city council.

[The prepared statement of Mr. Davis follows:]

Prepared Statement of Paul Davis, Before the House D.C. Subcommittee on Government Operations and Metropolitan Affairs

THE CAB INDUSTRY IN THE DISTRICT OF COLUMBIA AT PRESENT IS IN A PITIFUL STATE OF NEGLECT AND DISREPAIR. YEARS OF INDIFFERENT REGULATION AND OVERSIGHT HAVE CREATED A SYSTEM IN WHICH ONLY UNSCRUPULOUS CAB DRIVERS CAN SURVIVE. AS YOU KNOW FROM THE MULTITIUDE AND VARIETY OF COMPLAINTS RECEIVED EACH YEAR, THE PUBLIC IS AT THE MERCY OF THE PIRATES WHO CALL THEMSELVES CAB DRIVERS. NO REGULATORY OR ENFORCEMENT AGENCY HAS SHOWN THE SLIGHTEST WILLINGNESS OR ABILITY TO DEAL WITH THESE PROBLEMS. MY FIVE YEARS OF INVOLVEMENT IN VARIOUS HEARINGS, MEETINGS, ETC. INVOLVING THE TAXI INDUSTRY AND ITS PROBLEMS HAVE CONVINCED ME THAT THIS CRISIS SITUATION IS BEYOND THE ABILITY OF LOCAL AUTHORITIES TO COPE WITH MUCH LESS CONTROL.

THE SITUATION THAT EXISTS TODAY IS THE WORK OF THOSE WHO'S VESTED INTEREST IS TO KEEP THE CAB DRIVER IN POVERTY AND THE PUBLIC IN MISERY. LOOKING BACK OVER THIRTY YEARS, NOTHING HAS CHANGED THAT WOULD INCREASE THE SERVICE TO THE PUBLIC OR WORKING CONDITIONS AND BENEFITS FOR THE AVERAGE CAB DRIVER. THE POWER STRUCTURE OF VARIOUS CAB ASSOCIATIONS AND INSURANCE COMPANIES HAVE BEEN ABLE TO MAINTAIN THE STATUS QUO WHILE RETURNING LITTLE OR NOTHING TO THE DRIVERS IN THE WAY OF HEALTH INSURANCE, RETIREMENT PLANS, CREDIT UNIONS, OR EMPLOYMENT INSURANCE. THE CAB ASSOCIATIONS DON'T EVEN TAKE THE TIME TO HANDLE COMPLAINTS EXCEPT IN A SUPERFICIAL WAY AS TO PROTECT THEMSELVES FROM SUIT OR ADVERSE PUBLICITY. OVER THE LAST THIRTY YEARS, THE INDUSTRY'S INTERESTS HAVE BEEN MISREPRESENTED BY A VERY FEW INDIVIDUALS WHOSE PERCEPTIONS IS THAT PROGRESSIVE CHANGE IN THE INDUSTRY WOULD RESULT IN A DECREASE IN THE MINORITY OWNERSHIP OF TAXICABS. USING THIS MISCONCEPTION AS THE BASIS FOR FIGHTING SUCH IMPROVEMENTS AS METERS, CONSOLIDATION OF REGULATORY AUTHORITY, RATE INCREASES, AND LIMITATION ON THE NUMBER OF PUBLIC SERVICE COMMISSION TAXICAB LICENSES, THESE

REPRESENTATIVES OF CAB COMPANY MANAGEMENT HAVE GONE AS FAR AS TO EXPELL MEMBERS OF THEIR RESPECTIVE COMPANIES FOR NO MORE SERIOUS CRIME THAN WONDERING ALOUD WHETHER SOME IMPROVEMENT MIGHT BE POSSIBLE. THESE VESTED INTERESTS IN TWO OF THE MAJOR CAB ASSOCIATIONS ARE SELF INSURED BY SINKING FUNDS THAT PRESENTLY ARE SEVERELY UNDERCAPITALIZED. BY USING CREATIVE BOOK KEEPING PRACTICES MADE POSSIBLE BY POOR PUBLIC SERVICE COMMISSION OVERSIGHT, THESE SINKING FUNDS ARE NOW SO INADEQUATE THAT THE PUBLIC IS VIRTUALLY UNPROTECTED. FOR EXAMPLE, DIAMOND CAB ASSOCIATION SHOWS A BALANCE OF $317,353.99 TO COVER CLAIMS IN THE DISTRICT OF COLUMBIA AND FORTY-NINE OF THE OTHER FIFTY STATES AS OF NOVEMBER, 1985. FOR THE SAME PERIOD, NOVEMBER, 1985, DIAMOND CAB RECORDED THAT THEY INSURED 452 CABS. SIMPLE DIVISION MAKES IT OBVIOUS THAT DIAMOND CAB CANNOT EVEN PROVIDE THE LEGALLY REQUIRED MINIMUM OF $20,000.00 PER CAB PER ACCIDENT. CAPITOL CAB IS PRESENTLY INVOLVED IN FORMAL CASE #835 ON THE PROPER FUNDING LEVEL AND WHAT SHOULD BE THE WEEKLY PREMIUM CONTRIBUTION TO THEIR SINKING FUND PER CAB. THERE HAS BEEN ONGOING CONTROVERSY BETWEEN THE PUBLIC SERVICE COMMISSION AND CAPITOL MANAGEMENT OVER THE ACESSED VALUE OF CASES NOW PRESENTLY IN LITIGATION. FURTHERMORE, IT APPEARS THAT CAPITOL MANAGEMENT HAS BEEN LESS THAN CANDID IN EXPLAINING WHY THEY SUDDENLY DROPPED THIRTY-NINE CASES FROM CONSIDERATION OF LIBILITY FOR COVERAGE UNDER THEIR RESERVED FUNDS. I HAVE PRESENTED THESE SPECIFIC SITUATIONS MERELY AS EXAMPLES, A THOROUGH INVESTIGATION WOULD TURN UP NUMEROUS OTHER INADEQUACIES AND INCONSISTENCIES IN TAXICAB INSURANCE.

MEANWHILE, THE PUBLIC SERVICE COMMISSION HAS BEEN UNABLE TO RESOLVE ANY BUT THE MOST ELEMENTARY OF CASES CONCERNING THE CAB INDUSTRY. SINCE 1968, THE CAB INDUSTRY HAS HAD THREE RATE INCREASES AND ONE INTERIM

INCREASE OF $0.10. THERE IS PRESENTLY A CASE #719 WHICH PROPOSES TO EXAMINE THE ZONE SYSTEM. THIS CASE HAS BEEN UNRESOLVED SINCE 1978 WHEN WASHINGTON'S CAB DRIVERS PAID OUT $80,000.00 FOR A STUDY WHICH HAS PRODUCED NO RESULTS. IN 1983 THE PUBLIC SERVICE COMMISSION ATTEMPTED TO RESCIND THE SHARED RIDE SYSTEM AS IT IS PRESENTLY OPERATED BY ISSUING AN ORDER WHICH WAS STOPPED BY HEARINGS CONDUCTED BY COUNCILPERSON BETTY ANN KANE, PROOF THAT THE PUBLIC SERVICE COMMISSION CAN ACT DEFINITIVELY WHEN THEY WANT TO (IN THIS CASE WHEN, IT IS RUMORED, SOME MEMBERS OF THE COMMISSION HAD A BAD SHARED-RIDE EXPERIENCE).

THE TAXI COMMISSION RECENTLY APPROVED AS THE NEW REGULATORY AUTHORITY OVER THE CAB INDUSTRY AND ENDORSED BY THE CITY GOVERNMENT AS THE NEW GUIDING LIGHT WILL NOT BRING ABOUT THE NEEDED CHANGES TO ALLEVIATE THE CRISIS SITUATION. THE PRESENT POLITICAL CLIMATE PERCEIVES THE ANSWERS TO THE PROBLEMS AS MORE VIGOROUS ENFORCEMENT OF THE LAWS THAT GOVERN THE INDUSTRY. THE REALITY IS THAT ENFORCEMENT IS FUTILE WITHOUT ADEQUATE INCENTIVE FOR CAB DRIVERS AND CAB ASSOCIATION MANAGEMENT TO PERFORM AS THEY SHOULD IN A PUBLIC SERVICE INDUSTRY.

THE ZONE SYSTEM IS AN ANACHRONISM THAT SHOULD HAVE BEEN SCRAPPED FORTY YEARS AGO. THIS "ROB PETER TO PAY PAUL" SYSTEM IS A MASS OF CONFUSION THAT EVEN MANY CAB DRIVERS DON'T UNDERSTAND. STRUCTURED SO THAT IT REWARDS CAB DRIVERS FOR SHORT TRIPS AND REWARDS THE PASSENGER FOR LONG TRIPS, THE ZONE SYSTEM HAS CONTINUALLY PITTED THE DRIVER AGAINST THE RIDING PUBLIC IN A GAME OF "WHERE ARE YOU GOING? I AM GOING THE OTHER WAY." WHILE THE TAXI INDUSTRY HAS BEGGED FOR A SYSTEM THAT PROVIDES A "FAIR RATE OF RETURN FOR TIME, MILEAGE, AND SERVICE RENDERED," CONGRESS MANDATED THAT THE ZONE system be our operative fare structure. An ancient, historical congress created this monster; today, you can kill it. Can you allow the District's cab driver to be hand cuffed into this system in the face of continued encroachment by metered, suburban cabs and over population of cabs licensed by the District?

In this brief overview of the cab industry you should be able to understand why the cab driver has only contempt for a regulatory authority that maintains a system that fails to meet his needs. While I've seen the vested interests diligently work to maintain the cab industry to best serve their interest, I've seen the cab driver operate his cab in a way to best serve his needs. The level of discrimination under this system is at an all time high because the stakes are very high. The individual driver feels compelled to protect his income through discrimination. One basic concept of the zone system all cab drivers understand is that the further you go the less you make. So you attempt by whatever means possible to go the shortest distance and when operating inter-state, you boost the fares to compensate for any losses sustained as the result of long distance fares in town or lost time due to traffic. Cab drivers are not the only ones that discriminate, however. One of the biggest radio dispatch operators in the city has carried discrimination so far that it is now a recognized institution. It is a well known fact that if you live or travel to an area outside the approximate "L" shape area bounded by Western Avenue, 16th Street, N.W., Massachusetts Avenue, and the Potomac River, it is futile to call this cab company. Viewed in context, it is easy to see why professional, American born cab drivers are leaving the industry for jobs elsewhere with more secure futures. The regulatory authorities who have

ABANDONED THEIR RESPONSIBILITY TO THE PROFESSIONAL CAB DRIVER AND PUBLIC SHOULD NOT NOW BE DISMAYED THAT THEY HAVE SURRENDERED THE INDUSTRY INTO THE HANDS OF PART-TIMERS, FOREIGN STUDENTS, TRANSIENTS, AND INCOMPETENTS.

THIS CAB SYSTEM HAS BEEN ALLOWED TO FLOUNDER FOR TOO LONG. IT SHOULD BE THE MANDATE OF THE CONGRESS TO DIRECT THIS CITY GOVERNMENT THROUGH THE NEW TAXI COMMISSION TO PROTECT THE LOCAL PUBLIC, YOUR CONSTITUENCY, AND TWENTY-FIVE MILLION VISITORS TO OUR NATIONS CAPITAL EVERY YEAR. THE CRISIS IS HERE AND NOW. IT IS TIME FOR GOVERNMENT TO IDENTIFY THE PROBLEMS AND PUT PARTISAN POLITICS ASIDE. IN ORDER TO SURVIVE, THE PROFESSIONAL CAB DRIVERS NEED YOUR HELP. YOUR SUPPORT FOR THE NEW TAXICAB COMMISSION IS IMPERATIVE! THE TAXICAB COMMISSION HAS THE POTENTIAL TO PROVIDE THE NECESSARY NEW DIRECTIONS FOR OUR INDUSTRY. EVEN MORE IMPORTANT IS TO ENSURE THAT THE NEW COMMISSION IS NOT STAFFED BY THE SAME OLD REPRESENTATIVES WHO HAVE DOMINATED THE LEGISLATIVE AND REGULATORY PROCESS FOR TOO LONG. IF YOU WISH TO MAINTAIN ANY DEGREE OF PROFESSIONALISM AT ALL IN WASHINGTON'S TAXI INDUSTRY, YOU MUST ACT TO REMOVE THE BARRIERS TO CONSIDERATION OF METERS AND LICENSE LIMITATIONS. THE CITY GOVERNMENT IS EITHER UNWILLING OR UNABLE TO ADDRESS OUR PROBLEMS IN A SYSTEMATIC MANNER. THE FUTURE OF THIS VITAL COMPONENT OF WASHINGTON'S MASS TRANSPORTATION IS IN NEED OF YOUR INTERVENTION AND DIRECTION. PLEASE DON'T FAIL US.

Mr. **Barnes**. Thank you, Mr. Davis.

Mr. Gillespie.

STATEMENT OF DANNY GILLESPIE

Mr. **Gillespie**. Good morning. I have been involved in Washington's taxicab industry for 10 or 12 years. I am a former president of Diamond Cab, former vice chairman of the taxi industry group.

I have done over the years just about everything there is to do in the taxi industry. I have been a rental driver, a fleet owner, an owner/operator. I have owned a garage which particularly catered to the taxi trade. I am a professional dispatcher having worked for a couple of different radio dispatch operations.

I have also been involved in numerous hearings, meetings and various forums on matters concerning the taxi industry of the years.

Mr. **Barnes**. Thank you, Mr. Gillespie.

Mr. **Barnes**. Am I pronouncing this right, Mr. LaGasse?

Mr. **LaGasse**. Thank you, Mr. Chairman.

Mr. **Barnes**. Welcome, sir.

STATEMENT OF ALFRED B. LaGASSE III

Mr. **LaGasse**. I would like to have the complete testimony submitted for the record.

Mr. **Barnes**. We will include your statement in the record.

Mr. **LaGasse**. I am not sure I represent the International Taxicab Association, which represents 600 fleets in the United States. And if you would like, I will give you a brief summary of the status of regulation in the industry or I can just answer questions.

Mr. **Barnes**. Why don't you give us a real brief statement.

I apologize to our witnesses. We are really in a difficult time situation here.

Mr. **LaGasse**. I would just like to state that the ITA is the sole national association representing the taxicab industry.

I would like to point out taxis are important to every community, large or small. We provide approximately 10 percent of all airport ground transportation; provide 24-hour service to everyone in town, particularly elderly and low-income groups; provide jobs for unskilled laborers, and we meet the transportation needs of out-of-town visitors, which is particularly important for convention and tourist trades.

The taxicab industry is made up of 4,000 companies that operate 141,000 vehicles; approximately 87 percent of those vehicles are four-door sedans, but the remaining 13 percent being vans, limousines, buses, et cetera.

The industry provides 240,000 jobs, 87 percent of which are drivers, and we transport 1.87 billion people, grossing $4.42 billion annually.

In reality, the taxicab industry is extensively regulated. The four primary areas of regulation are entry, safety, quality of service, and fares.

Regulations extend to a variety of items including the number of and type of vehicles, charge, trade name, color schemes, insurance levels, inspections, driver licensing, 24-hour service, two-way radios, meters, et cetera.

Before outlining some regulatory changes, which I believe should be considered, I would like to review a few documented regulatory experiments with taxis.

Five cities, major U.S. cities, have experimented with open entry. I would like to quickly review three of those to give you a flavor for what has happened.

In Atlanta they allowed open entry in the 1960's primarily to merge the taxicab and private car service industries. The action was taken as a civil rights action to allow the private car services which were owned by blacks and taxicabs which were owned by whites to merge into one industry. In 10 years, the number of taxis doubled to 1,400 vehicles and the number of——

Mr. **Barnes**. Let me ask you, Mr. LaGasse, I apologize—and to all the witnesses, I apologize for our time problems. I wonder if you could focus on the analysis you have done of the District of Columbia taxicab industry and briefly highlight that. That is the element of your testimony that I think would be most beneficial at this point.

Mr. **LaGasse**. Washington, DC, is the only major city in America to have long-term experience and patient acceptance of open entry. Washington does regulate safety quality, and it establishes a uniform fare.

The city estimates are 11,000 people licensed to drive taxicabs and there are approximately 9,804 vehicles operating as taxicabs and that 8,550 are routinely issued insurance stickers.

A study that we commissioned about 1 year ago indicated, and I will give quick quotes, 5.5 hours a day working for the driver; the average taxi on the street is 9 years old; and the first 10 months of 1984 the department sent 900 written complaints, the two most prevalent are refusal to serve and overcharging.

In the vehicle data collection that was performed in October 1984, of the total, 305 sample trips, 13 refused, 17 were no-shows, and the drivers overcharged in 102 cases, or 36.3 percent. The average overcharge was 22.3 percent.

Although the city of Washington seems hesitant to change its taxicab ordinance, it is probable that not too many other cities would accept the extremely high incidents of overcharging and trip refusal so prevalent in the District. It is also difficult to call to mind another major city that would tolerate vehicles that are an average of 9 years old.

In summary, the entry relaxation when focused primarily or exclusively on taxicabs has not produced favorable results. Open entry does not bring about service innovation, or service area expansion. On the contrary the evidence indicates that open entry produces inferior services as measured by older equipment, increased service refusal, increased price gouging and increased administrative cost to the city which leads to reduced demand for taxi service.

Thank you.

Mr. **Barnes**. Well, thank you very much, Mr. LaGasse.

[The prepared statement of Mr. LaGasse along with attachments follows:]

STATEMENT OF ALFRED LAGASSE
EXECUTIVE VICE PRESIDENT
INTERNATIONAL TAXICAB ASSOCIATION

BEFORE THE HOUSE COMMITTEE ON THE DISTRICT OF COLUMBIA
SUBCOMMITTEE ON GOVERNMENT OPERATIONS AND METROPOLITAN AFFAIRS
JANUARY 29, 1986

Mr. Chairman, and Members of the Subcommittee, the International Taxicab Association (ITA) is a non-profit organization which represents over 600 taxicab fleets. The ITA serves as the sole national spokesman for the private taxicab/paratransit industry in the United States.

I. Introduction to The Elements of Modern Local Transportation

Numerous people have given definitions to the term paratransit, but for purposes of this presentation, let us say that it is the organized provision of local transportation in sedans, vans or mini buses. This definition includes taxicabs, limousines, jitneys, livery vehicles, social service agency vehicles, private non-profit agency vehicles, church vehicles, hotel courtesy vehicles, some transit agency vehicles, van pools, car pools and rental cars. The only elements of local passenger transportation not included in the term paratransit are private and public transit buses, school buses, local rail systems and the private automobile.

The topic under discussion is the role of regulation for local transportation, therefore, all elements of the local transportation system should be included in the review. Some may argue that subway systems, school buses, taxicabs and private automobiles should not be viewed as related elements of local passenger transportation. However, upon reflection, it becomes apparent that the transportation modes listed above make up today's family of local transportation service.

These modes of local transportation (paratransit, bus and automobile) account for over 97% of all trips with the other 3% being walks, cycles, etc.[1] The next logical step is to agree that these services are interrelated. That is, the services impact (compete with) one another.* Some may have substantial impact (e.g. when it snows people are reluctant to drive their private automobiles so the demand for taxicabs skyrockets) whereas others may, at first glance, appear to have little significance to the total transportation market and to other transportation providers.

The fact is, the removal of any one of these transportation modes would impact the other modes. The private auto is most significant (largest competitor), providing 83.7% of all passenger trips.[2] School buses are next in line carrying approximately 22.6 million school children per school day.[3] Public transit carries 8.2 billion[4] people a year followed by taxicabs which carry 1.87 billion. When it comes to the other transportation modes, I would guess that their order of significance (measured by passengers carried) is: rental cars, social service and non-profit agency vehicles*, limousines and livery vehicles, car pools, van pools, church vehicles, hotel courtesy vehicles and jitneys.

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* The U.S. District Court in Hawaii ruled in November 1984 that an exclusive contract for taxicab service at Honolulu International Airport was legal. In his decision the judge notes "I find taxis, rental cars and the Grayline-Airporter bus to be reasonably interchangeable modes of ground transportation out of HIA."

All of these competing modes of local transportation are significant and should be taken into account when one examines or plans for a community's transportation network. However, laws, regulations and policies developed at federal, state and local levels have segmented local public transportation modes into distinct categories (e.g. mass transit vs. exclusive ride; public vs. private; taxicab vs. bus; etc.). Each of these modes is licensed and regulated separately.

Local elected officials most often determine policy (regulations) for taxicabs, limousines and school buses, while transit authorities and social service agencies find themselves subservient to federal and state regulations. Forms of local transportation most free of regulation are church vehicles, hotel courtesy vehicles, rental cars and the private automobile.

The differing laws, regulations and policies most certainly serve to inhibit comprehensive planning for local transportation. Public transit receives billions of dollars annually in federal, state and local subsidies. The private auto is subsidized by an extensive and expensive roadway building and maintenance program. Private providers of local public transportation pay taxes and license fees not required of public operators. The list goes on.

A comprehensive review/plan would, therefore, require an analysis of federal, state, and local financial incentives (subsidies, taxes, fees) as well as operating regulations. Obviously, one community could not hope to change federal or even state tax laws and regulations. Therefore, planning focuses on the real market with all its financial and regulatory imperfections. The planning is not comprehensive, but rather it has been segmented for simplicity.

Taxicabs are viewed by the community planners as: 1) providing approximately 10% of the airport's ground transportation needs, 2) providing 24 hour service (emergency and otherwise) to everyone in town (particularly elderly and low income groups), 3) providing jobs for unskilled laborers and 4) meeting the transportation needs of out-of-town visitors (which is particularly important for a city's convention and tourist trade).

It is less effective to look at the taxicab industry in a vacuum, but for ease of administration that is exactly what is done.

If one agrees that the mega institutions (e.g. Congress, DOT, HHS and States) which impact local transportation will not change significantly (regulations, subsidies & taxes) in the foreseeable future, this discussion, on the role of regulations for local transportation systems, must also be limited by the bounds of these institutions. The same limitations contribute to the failure of most economists who address local transportation systems. Their theories ignore the very complicated real world by imposing neat and precise models on what is really a complicated, and extremely imprecise world. President Reagan probably said it best when he said, "There are too many economists with Phi Beta Kappa keys on their watch chains - and no watch."[5]

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* Social service and non-profit agency vehicles are rated high because they receive significant (approximately $1.5 billion per year) capital and operating subsidies for transportation from the federal government (HHS & DOT).

Reality, not desire, dictates a divergence from the development of a comprehensive transportation regulation to a review of regulations by market segments. Because my knowledge and experience is best suited to a review of the taxicab industry and, because taxicab regulations have recently been the subject of experimentation, the balance of my comments will focus on the taxicab industry.

II. The U.S. Taxicab Industry in 1986

The taxicab industry is made up of approximately 4,040 organizations (companies, cooperatives, associations, etc.) which operate 141,000 vehicles. One-half of the industry's vehicles are located in the 100 largest urban areas. Approximately 87% (122,670) of the vehicles are four-door sedans; the remaining 13% (18,330) are vans, limousines, buses, etc. The industry directly provides 240,000 jobs, 87% of which are held by drivers. Transporting 1.87 billion passengers per year, the industry grosses $4.42 billion per annum.[6]

The stereotype of the typical taxicab driver and his/her passenger is incorrect. In truth, the average driver leases the taxicab (independent contractor), has worked in the same taxicab organization for nearly four years and drives full time.[7] Approximately 60% of all taxicab passengers are transportation disadvantaged (e.g. elderly, young, handicapped, unemployed) while the remaining 40% of the passengers are tourists, businessmen and members of affluent households.[8]

Not only are the drivers and riders different from the stereotype, but the services provided also differ. Only 82% of taxicab organizations provide exclusive ride service, while 73% offer package delivery, 62% offer contracted services, 47% offer shared rides and 17% offer limousine service. Also, 37% of all taxicab organizations offer fare discounts to the elderly.[9]

Hopefully, you now have a more accurate perspective of the size of the taxicab industry and the magnitude of its competition. It is also hoped that you understand that comprehensive planning (regulation) of all local transportation modes is preferable, but, at this point in time, impractical. Speculation and theories have a role to play, particularly in charting desirable future courses, but we are here today to deal with current reality.

III. Current Taxicab Regulations

In reality, the taxicab industry is extensively regulated. The four primary areas of regulation are entry (number of vehicles and/or companies), fares, safety (insurance, driver licensing) and quality of service (vehicle, conduct of drivers, radio dispatch). Regulation extends to a variety of items including: the number and type of vehicles, fares charged, trade name, color scheme, insurance levels, license fees, inspections, driver licensing, owner's moral character, permissible solicitations, placement of cab stands, 24 hour service, two-way radios, meters, etc.

Current regulations trace a heritage to London, England in the year 1635. King Charles, I restricted the number of taxicab vehicles (horse drawn carriages for hire). Nearly 200 years later, the London Hackney Carriage Act of 1831 became the first comprehensive taxicab regulation to be developed. Additional regulations were added in 1843.[10] These time tested regulations essentially compose today's taxicab ordinances.

To those who may now be saying, "if taxicab regulations haven't been substantially altered in over 150 years, it is high time they are improved and modernized". Remember that "those who fail to remember history are condemned to repeat it". Nearly every imaginable change has been tried with taxicab ordinances. While some improvements have been made, in other instances, harm has resulted.

Before outlining some regulatory changes which I believe should be considered, let us review and learn from several documented regulatory experiments.

Cities that have been extensively studied and which are now or have recently experimented with their taxicab regulations are: Atlanta, Georgia; Indianapolis, Indiana; Phoenix, Arizona; San Diego, California; Seattle, Washington; and Washington, D.C. All are major metropolitan cities with a significant tourist and convention trade.

Atlanta allowed taxicab open entry in the mid 1960's primarily to merge its taxicab and private car service industries. This action was viewed as a civil rights issue because private car services were operated by blacks while taxicabs were operated by whites. In ten years, the number of taxicabs doubled to 1,400 and the number of companies grew from 5 to 55. Atlanta allowed open entry, but continued to set a uniform fare and regulate safety and service quality.

In early 1977, a task force recommended that Atlanta's taxicab ordinance be totally revised. One year later, Atlanta's Chamber of Commerce joined the call for improved taxicab regulations. A Chamber-funded research project found driver income to be extremely low and reported that, "What this means in terms of taxicab drivers is that the rip-off becomes a frequent occurrence... insults to riders and inadequate service abound... It is important to note that this has occurred as a result of the influx of unqualified, casual drivers..."[11]

On February 3, 1981, Atlanta enacted a new taxicab ordinance. The ordinance (in effect today) limits entry (attempting to reduce the number of taxicabs from 1,500 to 1,200), establishes uniform fares and regulates safety and quality. Open entry did not meet Atlanta's requirements for quality taxicab service.*

Indianapolis' experience with open entry is worth reviewing because city officials administratively enacted open entry without changing the ordinance--they simply issued new permits. Open entry was brought about primarily by the bankruptcy of the major fleet which had operated 302 of the city's 502 taxicabs.

Open entry began in 1973 and, within one year, the city decided to return to restricted entry. In this case, all regulation (uniform fares, safety and quality) and enforcement remained constant with the lone exception of entry.

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* A summary of a U.S. District Court ruling upholding the right of Atlanta to regulate its taxicab entry, etc., is attached as an Appendix.

A DOT sponsored study reviewed Indianapolis' experience with open entry as follows:

> "After the first winter the independent operators found they had no money to maintain or repair their vehicles. Insurance cancellation notices received by the City Controller's Office increased from one or two per month to about one hundred fifty per month. Complaints to the City about cab service tripled... the cab driver often could not be found...service complaints were particularly high in relation to airport taxi business. From the City's standpoint, enforcement became a major problem...added to these difficulties was a reported rise in the amount of crime committed by taxi drivers and operators. In 1977 it was discovered that one firm of 18 cabs was operating a drug ring which was the largest such drug operation ever uncovered in the City. At least one prostitution ring run by a taxicab operator was also uncovered."[12]

Needless to say, open entry did not meet Indianapolis' desire for a stable taxicab industry.

The State of Arizona deregulated its entire transportation industry (buses, trucks, taxicabs) in 1982. Phoenix, therefore, differs significantly from Atlanta and Indianapolis for several reasons. In Phoenix, there was state regulation instead of municipal regulation, and open entry was combined with open fares and the removal of quality of service regulations. The only element which continued to be regulated was safety (licensing, vehicle inspections). Therefore, Phoenix does provide a rare example of what happens when an entire local transportation system is deregulated. The results are disappointingly similar to cities which allowed open entry exclusively in the taxicab segment of the local transportation market. That is, fares rose, demand for service dropped, there was no service innovation and the airport had significant new problems.

Where there were once two companies operating 240 vehicles there are now forty-five companies operating 440 vehicles. Other results were reported in a DOT sponsored study as follows:

> "After deregulation, Yellow/Checker increased its fares to \$1.20 per mile (retaining the \$.85 drop charge) and \$12.00 per hour waiting time. This represents an increase of 33% for the average four mile trip...the lowest [increase in fares] in Phoenix...there has been essentially no service innovation... taxi patronage has declined since deregulation, in spite of the substantial increase in the number of cabs...The number of passenger trips per active taxicab per day has declined by about 33% for the entire industry...Consequently, deregulation has had virtually no effect on automobile users and transit dependent travelers."[13]

By any measure, total deregulation in Arizona has not provided the innovation and competition promised by the economists. In all fairness, however, it should be noted that the publicly owned transit system in Phoenix continued to receive federal and state subsidies and tax preferences which, most certainly, affected the private operators' ability to compete.

Planners in San Diego, more than any other city, seemed to work very hard at developing a rational, contemporary paratransit ordinance. They studied the issue and received federal funds to aid their data collection and evaluation efforts. Not only was their movement toward open entry more thoughtful and calculated, but several factors indicate that an increase in taxicab supply was fully warranted.

In 1979, San Diego allowed gradual open entry (15 new taxicab permits per month), removed fare controls and allowed jitneys to operate. Prior to open entry, 68 companies operated 409 taxicabs serving a city with a quickly expanding population and a burgeoning convention and tourist trade. Today, there are 310 companies operating 915 taxicabs.

A DOT sponsored study reported:

> "The average fare for exclusive ride taxi service in San Diego has risen over 60%, from $4.50 for a 5 mile trip in July 1979 under the pre-revisions standard to $7.25 as of December 1981...little real pricing innovation...there were 30% more vehicles but each vehicle was providing only 85% as much service per day...suggest little or no increase in total geographic service coverage...the primary changes in taxi user profiles observed over three years of Taxicab Passenger Profile Surveys (PPS) include a higher incidence of more affluent, visitor and less frequent taxi trip-makers, a reduction in low-income, resident and young riders and in military personnel... City documentation of regulatory costs, still incomplete, suggests that annual regulatory costs have increased by 158%."[14]

In May of 1983, San Diego imposed a one year moratorium on the issuance of new taxicab permits and limited transfer of permits. In October of 1984, San Diego permanently restricted taxicab entry and has cracked down even further on permit transfers. Open entry did not create fare competition, service innovation or the improved service quality hoped for in San Diego.

The City of Seattle, and a year later its surrounding King County, changed its taxicab ordinance (May 1979) as a result of a sweeping review of all City regulation of private industry. Seattle's open entry ordinance replaced the taxi-to-population ratio (1 taxicab for every 2,500 Seattle residents) that had previously existed. The ordinance also deregulated fares (could be changed once per quarter) and there was an effort to encourage variable fares for shared rides and weekend service.

For Seattle, the DOT sponsored study stated:

> "First, exclusive ride taxi rates have risen faster under open rate setting than they likely would have under continued standardization. Average fares for a five mile taxi trip in Seattle rose some 72% from $4.30 under the pre-revision standard to $7.40 through April 1982...the primary innovations have been in the form of discounts offered to repeat, advance reservation and long-haul customers, and higher rates for night-time service or short trips... veteran operations predicted that the new single-cab companies would "skim the cream" off the traditional taxi business, garnering a disproportionate share of long-haul trips to the exclusion of a balanced city wide service delivery. This result has been documented...there were 51% more vehicles in May 1981 but each vehicle was only providing about 76% as much service...suggest little or no increase in total geographic service...The three large service companies refused 10% of their calls, while independent fleet operators turned down 37%...The median vehicle age was four years in mid 1979 and had increased to six years by the close of 1981...suggest that total passenger trips declined 25% between 1979 and 1981."[15]

The city of Seattle is still experimenting with open entry, but for King County, the experiment is over. In October of 1984, the County restricted entry (one year moratorium) and imposed a uniform fare.

Washington, D.C. is the only major city in America to have long term experience and apparent acceptance of open entry. Washington does regulate safety and quality, and has established a uniform fare.

The citizens of Washington, D.C. have never experienced anything but the current mode of taxicab regulation. Some ordinance changes have been made, (e.g. shared rides used to be provided at the driver's discretion and are now subject to the first passenger's approval) but overall, Washington has not spent much time examining its taxicab regulations.

The City estimates that 11,000 people are licensed to drive taxicabs, that there are approximately 9,604 vehicles operating as taxicabs and that 8,550 monthly insurance stickers are routinely issued.

A study conducted one year ago indicated that:

> "...the average driver worked 5.5 hours per day...the average taxicab on the street is about nine years old...in the first ten months of 1984 the Department received approximately 900 written complaints...the two most prevalent causes of complaints are refusal to serve (23.6%) and over-charging (22.0%)...in-vehicle data collection [was performed in October 1984]...of the total 305 trips attempted, 13 were refused...in addition 17 were no shows...the driver over-charged in 102 cases or 36.3%...the average over-charge was 22.3%..."[16]

Although the city of Washington seems to be hesitant to change its taxicab ordinance, it is probable that not too many other cities would accept the extremely high incidence of over-charging and trip refusals so prevalent in D.C. It is also difficult to call to mind another city that would tolerate vehicles that are an average of nine years old.

In summary, regulatory relaxation, when focused primarily or exclusively on taxicabs, has not produced favorable results. Open entry does not bring about service innovation or service area expansion. On the contrary, the evidence indicates that open entry produces inferior service (i.e. older equipment, increased service refusal, increased price gouging and increased administrative costs) which leads to reduced demand for taxicab service.

IV. Reasonable Taxicab Regulatory Reforms For Major U.S. Cities

While I represent the taxicab industry, the following comments are my personal views. The members and Board of Directors of the International Taxicab Association have not reviewed these remarks and have not endorsed or even formally discussed these concepts.

Entry restrictions may need to be reviewed. Approximately 88% of all communities having taxicabs control entry. Of the 12% which do not, half (6% of all communities having taxicabs) have never controlled entry and currently have a total of ten or fewer taxicabs operating in their city.[17]

Open entry is not the answer to a community's legitimate desire to improve its taxicab/paratransit service. However, a fixed ceiling on permits may not be the answer either.

I believe that reasonable entry standards are the key to proper regulation. Convenience and necessity or population ratio standards are flexible and when properly administered, are successful. The key here is proper administration. With population ratios, (#of taxicabs per 1,000 population) it is easy to determine when more licenses could be issued. The difficulty is determining the proper ratio. Should the ratio for a densely populated city be the same as a sprawling, less dense city? Should local trip patterns (e.g. reliance on public transit vs. the private automobile) be taken into consideration in determining ratios?

If the city chooses to control entry by a convenience and necessity clause, then how is convenience and/or necessity measured? Should a formula which takes into account population changes, tourist influx, public transit ridership, disembarking airplane passengers, etc., be developed? If the answer is yes, how would the formula be created, measured and implemented?

I favor the convenience and necessity clause that features a publicly known formula. The formula should be developed in consultation with elected city officials, taxicab operators, public transit officials and public interest groups. All of the factors utilized in the formula must be measurable and routinely published (annually).

A method to appeal the components of the formula should be available in case any item(s) should reasonably be discounted as a one time temporary increase/decrease. Also, changes in industry efficiency (e.g. computer dispatching) may call for an adjustment in the formula. If the formula calls for an increase in licenses, then the licenses should be made available for issuance. If, on the other hand, the formula calls for a reduction in licenses, then existing operators should be given the opportunity to purchase outstanding licenses and return them to the city.*

Fares are another area that could reasonably be reformed. The current hearing process for setting uniform fares can be burdensome and lengthy. Extended delays in granting fare increases can be damaging to the industry and ultimately to the taxicab riding public.

I lean toward a taxicab fare regulation that would allow for a zone of reasonableness in fares. The zone of reasonableness could be 10 to 15% above or below the weighted average fare (or current citywide fare) and would allow for fare competition and fare increases when needed (e.g. the fast paced inflation of the 1970's). For consistency and public awareness, the fares should be permitted to be changed only twice a year during designated months (e.g. April and October). While fares could vary between fleets, each fleet should be required to have a uniform fare. Thus consumers would shop quality and fares on a fleet wide basis.

Various surcharges (waiting time, night service, rush hour service, snow storm service, extra baggage, etc.) should continue to be permitted. Like the meter fare, the surcharges should be allowed to change only twice a year and should be uniform throughout the fleet. Unlike the meter fare, it would be impractical to determine weighted average surcharge rates, because not all fleets will implement all the various surcharges. Consequently, it may be best to put a cap on annual increases for each surcharge (e.g. 15%).

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* Taxicab operators in Montreal, Canada have been authorized to purchase and retire up to 2,000 taxicab licenses.

Another fare setting mechanism could be a fare formula. The formula could adjust fares (annually) based on cost increases/decreases for: 1) automobiles, 2) maintenance, 3) fuel, 4) insurance, 5) driver earnings and 6) financing (interest rates). In this case, there could still be a zone of reasonableness or, the formula could be used to set a citywide taxicab fare. There are two considerable benefits to a citywide fare. First, every consumer will know what they should be charged and second, operators are forced to compete on quality of service instead of price.

Safety issues should continue to be regulated. Every community should examine its insurance requirements to assure they are in keeping with today's costs and judgements.

Quality of service is an area that is particularly important. I believe that all taxicabs should be required to be affiliated with a fleet large enough to serve all parts of the city 24 hours a day (e.g. 25 vehicles) and that every taxicab be required to have a two-way radio and meter.

V. Conclusion

When one element of a comprehensive taxicab ordinance is changed, then all elements need to be reviewed. Safety and citywide fares can be adjusted without a total review, but significant revisions to entry, fare structure or quality standards require detailed analysis. Changing entry standards without changing the fare structure and quality standards will most likely lead to a deterioration of service quality. So if it becomes necessary to take action, act with caution and reasonableness.

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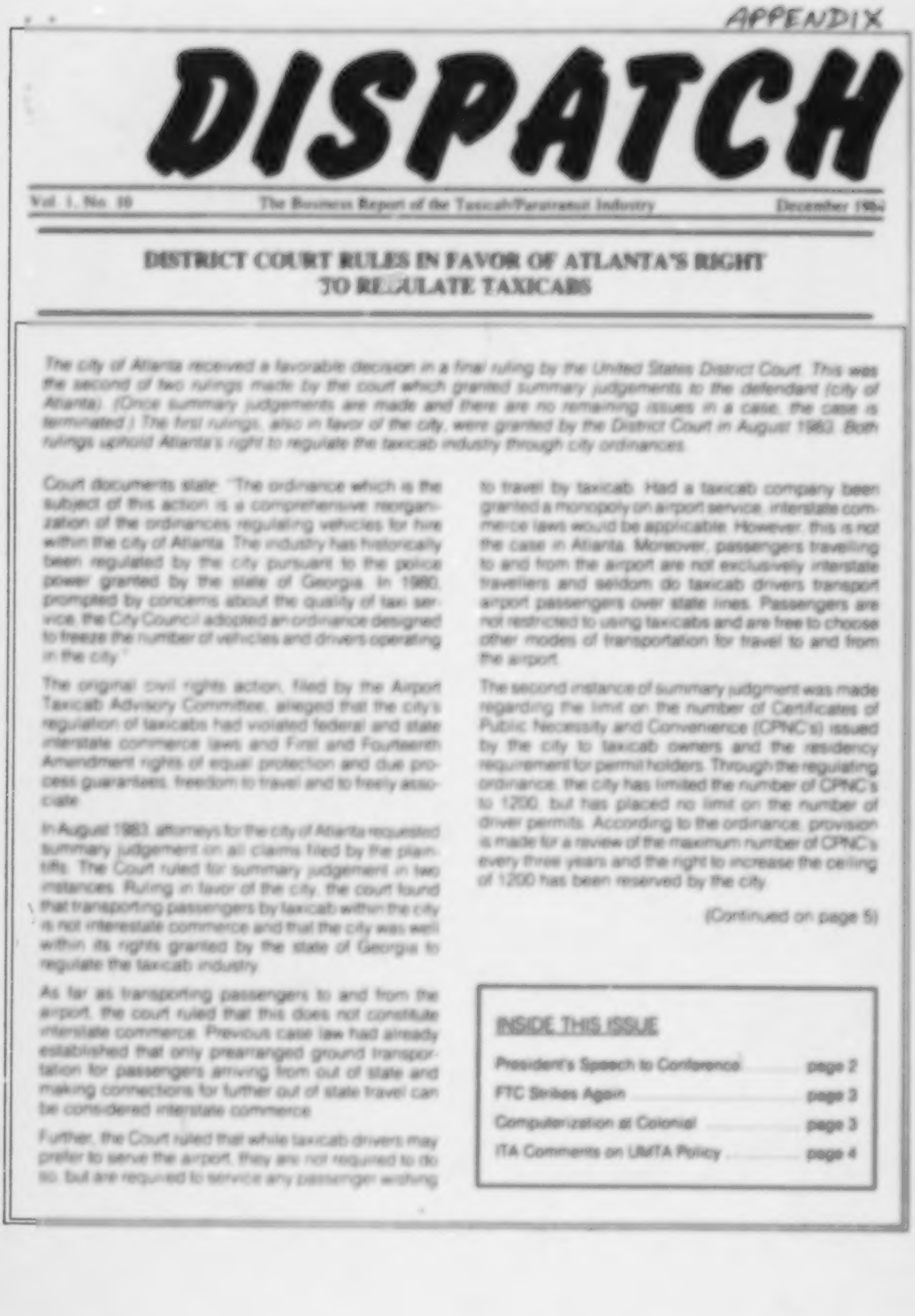
APPENDIX



DISPATCH

Vol. 1, No. 10 The Business Report of the Taxicab/Paratransit Industry December 1984

DISTRICT COURT RULES IN FAVOR OF ATLANTA'S RIGHT TO REGULATE TAXICABS

The city of Atlanta received a favorable decision in a final ruling by the United States District Court. This was the second of two rulings made by the court which granted summary judgements to the defendant (city of Atlanta). (Once summary judgements are made and there are no remaining issues in a case, the case is terminated.) The first rulings, also in favor of the city, were granted by the District Court in August 1983. Both rulings uphold Atlanta's right to regulate the taxicab industry through city ordinances.

Court documents state: "The ordinance which is the subject of this action is a comprehensive reorganization of the ordinances regulating vehicles for hire within the city of Atlanta. The industry has historically been regulated by the city pursuant to the police power granted by the state of Georgia. In 1980, prompted by concerns about the quality of taxi service, the City Council adopted an ordinance designed to freeze the number of vehicles and drivers operating in the city."

The original civil rights action, filed by the Airport Taxicab Advisory Committee, alleged that the city's regulation of taxicabs had violated federal and state interstate commerce laws and First and Fourteenth Amendment rights of equal protection and due process guarantees, freedom to travel and to freely associate.

In August 1983, attorneys for the city of Atlanta requested summary judgement on all claims filed by the plaintiffs. The Court ruled for summary judgement in two instances. Ruling in favor of the city, the court found that transporting passengers by taxicab within the city is not interestate commerce and that the city was well within its rights granted by the state of Georgia to regulate the taxicab industry.

As far as transporting passengers to and from the airport, the court ruled that this does not constitute interstate commerce. Previous case law had already established that only prearranged ground transportation for passengers arriving from out of state and making connections for further out of state travel can be considered interstate commerce.

Further, the Court ruled that while taxicab drivers may prefer to serve the airport, they are not required to do so, but are required to service any passenger wishing to travel by taxicab. Had a taxicab company been granted a monopoly on airport service, interstate commerce laws would be applicable. However, this is not the case in Atlanta. Moreover, passengers travelling to and from the airport are not exclusively interstate travellers and seldom do taxicab drivers transport airport passengers over state lines. Passengers are not restricted to using taxicabs and are free to choose other modes of transportation for travel to and from the airport.

The second instance of summary judgment was made regarding the limit on the number of Certificates of Public Necessity and Convenience (CPNC's) issued by the city to taxicab owners and the residency requirement for permit holders. Through the regulating ordinance, the city has limited the number of CPNC's to 1200, but has placed no limit on the number of driver permits. According to the ordinance, provision is made for a review of the maximum number of CPNC's every three years and the right to increase the ceiling of 1200 has been reserved by the city.

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- John Davidson, Las Cruces, New Mexico . . . "Very well planned and organized . . . attendees' comments were all favorable . . . would like to see a session on experiences with computers and more motivational speakers."
- [illegible] Wilkes, San Francisco, California . . . "Informative and educational . . . observed an industry that is flexing its muscle . . . an image change is occurring . . . the breakout sessions are excellent . . . operators express trials and tribulations and methods to overcome them."
- Ellis [illegible], Houston, Texas . . . "The highlight of the program was the fellowship of the operators . . . overall, very good."
- Sharron [illegible], Denver, Colorado . . . "Great convention . . . another job well done . . . would like to see deregulation update."

Once again the ITA would like to express its sincere appreciation to the Ford Motor Company for sponsoring Lunch with the Exhibitors and to Peugeot Motor Company of America for sponsoring Breakfast with the Exhibitors. These events were well attended and contributed to the success of the Annual Convention.

SHOPTALK

The WALL STREET JOURNAL (Tuesday, November 27, 1984) carried a fairly substantial article titled "The Resurgence of Private Participation in Urban Mass Transit Stirs Debate". Several case studies of successful contracts with private companies providing public transportation services were analyzed in the article. The article, timely in view of the recent Private Enterprise Policy released by UMTA, also discusses the barriers to contracting with private providers and reasons why the private operator could provide satisfactory service. ITA's past president, D[illegible] Hurt, Yellow Cab Company, Indianapolis, Indiana, is quoted in the article.

John W. Hall, Black & White/Yellow Cabs, Little Rock, Arkansas has been elected justice of the peace of quorum court in Little Rock with 62% of the vote in a three way race. Mr. Hall will carry out the duties and responsibilities of county supervisor and village justice.

The ITA is pleased to report that both the Operator of the Year and the Driver of the Year award recipients received positive and extensive local press coverage.

(Continued from page 1)

ATLANTA

In granting summary judgement to the city, the court found no evidence that limiting the number of CPNC's would create a monopoly or limit competition and that the ordinance is "a valid exercise of the city's police power to better meet what the city determines to be the public need." The court also upheld the requirement that taxicab drivers be a resident of Atlanta for one year. Stating that "public safety and efficient service are legitimate interests for the city to pursue", the court recognized that geographic familiarity and competency in English were reasonable requirements contained in the city's ordinance.

Because insufficient arguments had been presented by both sides on the free association and equal protection issue, the court deferred judgement. In the meantime, amendments to the ordinance were made. In March 1984, the court ruled on the remaining points. Once again, the court's decision reinforced the city's right to regulate the taxicab industry and determine the best interests of the public.

On the issue of equal protection and due process the city's permit application and revocation requirements were called into question. The ordinance stated that driver permits be denied to applicants with criminal convictions within five years of application. Permit holders convicted of felonies would be subject to disciplinary action at the discretion of the Mayor. In December 1983, this section of the ordinance was amended to provide that criminal convictions shall not automatically disqualify an applicant and that discretionary powers exist for holders as well as applicants.

The court found that applicants and permit holders with criminal convictions were treated equally under the ordinance and granted the city's request for summary judgement.

Plaintiffs argued that the ordinance violated the right to free association by requiring taxicab companies to have a minimum of 25 vehicles and that drivers must be affiliated with company. On the other hand, the defendants pleaded that the minimum vehicle requirement was reasonable and kept to "manageable minimum" the number of companies in operation. "Companies are the conduit through which the city inspects, inventories and regulates the industry's operations." The affiliation requirement aides the city's regulatory authority in identifying and locating individual drivers.

In granting summary judgement to the city on this issue, the court found that these "ordinance requirements serve legitimate government interests in that they facilitate the city's regulation of the taxicab industry."

Mr. **Barnes**. Mr. Janszen.

STATEMENT OF GEORGE JANSZEN

Mr. **Janszen**. Good afternoon, Congressman Barnes and Congressman Parris. I am honored to be here.

I am George Janszen, motor vehicle inspector at the northeast inspection station. I came on board D.C. inspection in 1973, and previous to that I had 5 years experience in New Jersey as a motor vehicle inspector working in the city, suburbs and different areas.

I do not have a prepared statement at this time.

Mr. **Barnes**. Why don't you, if you would, Mr. Janszen, take a minute or two to comment on your perspective of the various allegations made with respect to the inspection system here in the District of Columbia.

Mr. **Janszen**. I have spoken to my superiors on the matter and I feel possibly I wouldn't really be fair in not bringing some things to your attention.

For a 3-year period, I transferred to another department and had some bad experiences with management in the D.C. government with lack of management training and human relations, and I felt possibly there would be a problem here. But I find my superiors are willing to listen to me and I have brought some things to their attention, and they have made some corrections with some of the problems. And I, since all these things have happened, I have seen an improvement.

Mr. **Barnes**. What things are we talking about, and what improvements have you seen?

Mr. **Janszen**. In regard to how the station operates as far as procedures go.

Mr. **Barnes**. Which station is that, Mr. Janszen?

Mr. **Janszen**. The northeast inspection station.

Mr. **Barnes**. Where is that located?

Mr. **Janszen**. West Virginia Avenue.

Mr. **Barnes**. What were the conditions that you took to your superiors?

Mr. **Janszen**. Well, about some of the allegations of wrongdoing about people taking bribes and what have you.

Mr. **Barnes**. Did you see any of those kinds of things happening?

Mr. **Janszen**. I have never seen anyone take cash or a bribe and no one actually—I have been offered money but only by somebody that was independent with a passenger car, possibly an independent taxi just coming through, someone I would never see again would leave money on the seat or something, but the people that were mentioned as the middlemen have never offered any money to me and I have never seen anything like that.

Mr. **Barnes**. What is your opinion of the allegations that have been made about bribery at the northeast station?

Mr. **Janszen**. There are favors done, people come in and try to win our friendship. They must have read the book on how to win friends and influence people. And in dealing with the general public and with taxis, sometimes you might find cosmetic items that this might be a problem with, say, a cruising light or something minor, and some people tend to sway their judgment but you have to draw the line. And I think things did get out of hand as to where to draw the line.

Mr. Barnes. Were you here earlier this morning when Mr. Parris outlined what he had seen on television—a cab going through inspection in pretty awful shape? It was obviously a cab that wouldn't have passed inspection, and there was a $50 payment to somebody? Did you hear that earlier?

Mr. Janszen. Yes.

Mr. Barnes. That was from Mr. Parris' discussion.

Do you think it is possible or likely that kind of thing goes on? What is your opinion?

Mr. Janszen. I would say the majority of the inspectors at the northeast inspection station are not involved in something like that.

I had a question about a few incidences or suspicions that I brought to my superiors' attention and something like that is possible, it is possible it could happen. But I have never witnessed that.

Mr. Barnes. You said a minute ago you felt that some improvements are being made. What improvements are being made in this system?

Mr. Janszen. Well, one thing is making all the vehicles go through the inspection line rather than pull up at the exit end of the station to be checked for minor rejections, because in the past we have had a problem with people going out and leaving the inspection line when they shouldn't have and checking vehicles on the outside of the building which caused the problem. Since all vehicles have to come through the station, this has been an improvement.

Mr. Barnes. Thank you.

Let me ask Mr. Gillespie and Mr. Davis—I understand that you gentlemen have been involved in efforts to bring about reform in the industry here in the city. What do you think are the major factors contributing today to the various problems that the industry seems to be experiencing?

Mr. Gillespie. The two primary points, if you will, that produce a negative image for Washington's taxi industry are the poor quality of the equipment that is used for taxicabs, and the unprofessionalness of the drivers themselves. These conditions have developed because no one has been supervising the industry essentially.

As I have heard a couple of people say already this morning, the drivers don't respect the system and enforcement is fine, but in my personal opinion, what is needed is an incentive for the cab drivers to perform the way they should.

I don't believe you can browbeat the cab drivers into submission on this issue. I think the cab drivers have proved over the years that they will find a way to circumvent any system that you try to put in to force them to perform the way they are supposed to and I don't see that you would have any different situation today.

Mr. Barnes. Mr. Davis.

Mr. Davis. Well, I agree with Mr. Gillespie. I think from my 5 years being in the industry, my personal situation has deteriorated. I think Mr. Smith clearly documented that we had a rate increase in March last year. We have a couple thousand more cabs on the street, people who I know who drive cabs in suburban areas in metered cab situations that their personal situation has improved, and in fact their personal situations have improved at our expense because I have seen consistently over the last number of years the residents here in the District of Columbia and people moving interstate are looking for angles to get away from District cabs and using the suburban cabs more and more.

So we have had this increased number of cabs which dilutes our market, and we have lost ridership either to Metro or from, in instances where people don't want to ride the cabs anymore because of bad experiences.

Mr. **Barnes**. Do you gentlemen, Mr. Gillespie and Mr. Davis, what do you think about meters?

Mr. **Davis**. I personally would like to see us move in that direction. It is going to take a lot of thought and consideration, and I think that you would see in my statement that what we want to see here is that the record establish such that the rider be dropped, and where Ms. Kane pointed out we could actually have open debate on the issue and let's start trying to solve the problems.

I think Congressman Parris and others here have shown that we are still dealing here and talking about the same stuff we have talked about in 1957 and 1972.

Mr. **Barnes**. Mr. Gillespie, what do yo think about meters?

Mr. **Gillespie**. I believe that meters certainly constitute a fair means of computing the rates for taxi service and that is what is needed, whether it is meters or whether it is some improvements to the zone system or some combination of flat rate cab fares, or what. What is needed is a system that gives the driver a fair rate of return for what he does.

That situation does not exist under the present zone system.

Mr. **Barnes**. How effective do you gentlemen, Mr. Gillespie Mr. Davis, Mr. LaGasse and Mr. Janszen, think the new city council's legislation is going to be in addressing the problems that we are experiencing in the city?

Mr. **Gillespie**. It certainly has potential to help correct some of the problems, but I agree, I agree 100 percent with Dan Smith's assessment that the legislation is only as effective as the people who implement it and it is imperative if you want improvements in the District's taxi system, that you get concerned and intelligent individuals on that commission who are willing to take the time and effort necessary to study the issues, study the alternatives and come up with good solutions to the problems; otherwise, you will simply have more problems than you have now.

Mr. **Barnes**. Any other comments, gentlemen, on that question about the city council legislation?

Mr. **Davis**. I think they need encouragement, yes, to move in a positive direction. I think that in my observations of this legislative process, this rider has been cumbersome toward anybody making any changes.

I have seen time and time again the public service commission where it would be suggested that they make some changes that they have not been able to do it and so I think that I look for the taxi commission to be a new beginning for us but we need constant encouragement for the folks to move in a positive direction.

Mr. **Barnes**. Thank you.

Mr. Parris.

Mr. **Parris**. Thank you.

Mr. Davis, I would like to talk to you quickly about some of what you touched on in your statement.

On the cab association's being self-insured by seeking funds that are—you categorize them as a severely undercapitalized.

Mr. **Davis**. Yes.

Mr. **Parris**. There is one association with a balance of $317,353 to cover claims in 50 States. They have at the same time 452 insured cabs. Divide that by the number of cabs and they do not provide the legally required minimum of $20,000. Is that correct?

Mr. **Davis**. Well, there is not enough money in the fund in order to cover.

Mr. **Parris**. That is what you call undercapitalized.

Mr. **Davis**. Right. That particular fund has lost massive amounts of money in the last 2 years, sir.

Mr. **Parris**. Exactly, because of the extraordinarily high accident rate of the cabs and vehicles they insure; is that a reasonable conclusion?

Mr. **Davis**. It is a management and it is a regulatory oversight problem.

Mr. **Parris**. And to the extent the sinking fund is inadequate, regardless of how inadequate the $20,000 figure, it is arbitrary as a number, but even if you don't meet statutory minimums, the insurance is essentially nonexistent, isn't that right?

Mr. **Davis**. One big claim will wipe them out and their fund will be out of business.

Mr. **Parris**. Exactly.

Mr. **Davis**. The other concern about that particular, on the sinking funds, is that it should be noted that under a concept called joint venture that all those members in that association are responsible for any claims under that legal concept such that if the cab association would not be capable of paying off a massive claim that the parties would be able to go after associates and full members within that cab association.

Mr. **Parris**. Exactly.

Very frankly, Mr. Davis, the cab drivers are not generally persons of great wealth or status—I don't mean that in a personal way—but they are not persons with great personal wealth normally. That is correct, isn't it? I think that is a fair presumption at least.

Mr. **Davis**. I think so.

Mr. **Parris**. If your name was Rockefeller, presumably you would not drive a cab as a matter of choice for a livelihood, and that is your livelihood, you make your living that way?

Mr. **Davis**. Yes.

Mr. **Parris**. What is the possibility if you are driving a cab that is part of that association and you have a serious accident, serious personal injury—run over one of these people at this table here—and there is no coverage, there is inadequate funds in the sinking fund. That is essentially a no-insurance situation, is it not?

Mr. **Davis**. I think that is a correct assessment; yes, sir.

Mr. **Parris**. Thank you. There is a case that you referred to briefly in your testimony, 719 case number, before the public service commission, which is designed to study the question of rates. Are you familiar with that case?

Mr. **Davis**. Yes, sir.

Mr. **Parris**. It has been unresolved since 1978.

Mr. **Davis**. Yes, sir. That is true.

Mr. **Parris**. And going on now, been going on for 8 years.

Mr. **Davis**. Yes, sir; that is true.

Mr. **Parris**. Nothing has happened, has it?

Mr. **Davis**. They are getting close to doing something.

Mr. **Parris**. Oh, good. You mean——

Mr. **Davis**. But——

Mr. **Parris** [continuing]. In the 9th year we may get some determination out of it?

Mr. **Davis**. I wouldn't hold my breath.

Mr. **Parris**. When would you suggest we hold our breath until?

Mr. **Davis**. Well, now there are political considerations——

Mr. **Parris**. Why haven't they done anything, Mr. Davis? You got any idea?

Mr. **Davis**. They can't bring themselves to make a decision on it.

Mr. **Parris**. Why?

Mr. **Davis**. It is easier to have a study—you are familiar with things like that. You should have it off to the side.

Mr. **Parris**. Paralysis by analysis, is that what you are saying?

Mr. **Davis**. The problem was in 1982 in the Jack Martin study, which they assessed the cab industry, I believe, in the neighborhood of $80,000, made specific recommendations and didn't follow the recommendations.

Mr. **Parris**. The industry paid the money, the drivers paid for that study, didn't you? $80,000?

Mr. **Davis**. That is what I understand, that is my understanding.

Mr. **Parris**. What did you get for it?

Mr. **Davis**. We didn't get a thing.

Mr. **Parris**. Right. Nothing.

Mr. **Davis**. We got a nice, big, thick book.

Mr. **Parris**. right.

Let me——

Mr. **Davis**. A lot of statistics.

Mr. **Parris**. Let me ask one other quick question, Mr. Davis. You make your living driving a cab. Tell us what is it like? Isn't it pretty easy just to ignore the regulations and drive without a license, to not have insurance, overcharge? That happens all the time, doesn't it?

Mr. **Davis**. I think there is a fair amount of it; yes, sir.

Mr. **Parris**. How much? Give us a guess.

Mr. **Davis**. Well, in what particular area?

Mr. **Parris**. Most people do it, don't they?

Mr. **Davis**. Well, you know, I like to agree with Mr. Wright and Matthews; most people, I think, are honest, hard working, but I think we have seen a constant deterioration in the industry in the last several years.

Mr. **Parris**. Are you married, Mr. Davis?

Mr. **Davis**. No, sir; I am not.

Mr. **Parris**. Do you make a living every day? You would like to make more than you make, wouldn't you?

Mr. **Davis**. Yes, sir.

Mr. **Parris**. I am not asking you to incriminate yourself, but if you have a job that requires you to shave a little bit of the edges to make it work for you, you are inclined to do that, aren't you?

Mr. **Davis**. It is a hassle.

Mr. **Parris**. Right.

Mr. **Davis**. It has been a hassle——

Mr. **Parris**. It is tough out there, isn't it?

Mr. **Davis**. It has been a hassle as long as I have done it.

Mr. **Parris**. Getting worse every day, isn't it?

Mr. **Davis**. I think you are correct on that; yes, sir.

Mr. **Parris**. Let me ask Mr. Gillespie, you were on the TV program alluded to here a number of times this morning. I recognize your face. You said, my recollection is, that you indicated on that date that you had in fact paid to have your cab inspected by other persons, is that correct?

Mr. **Gillespie**. Yes, I have done that over the years.

Mr. **Parris**. Would you call it a course of regular conduct, normal business at that facility?

Mr. **Gillespie**. Yes, sir. I would estimate that over some period of time, probably in excess of 80 percent of all cab drivers use that service. At one time or another, some of them using it on a regular basis, some on an infrequent basis.

Mr. **Parris**. I think you indicate if your cab is worse in terms of safety conditions, brakes, whatever, lights, the price goes up depending on how bad it is?

Mr. **Gillespie**. That was actually shown on one of the episodes that channel 9 presented. One of the so-called inspection middlemen indicated to a prospective client on camera that he normally charges $25 but—to quote him—"Because of the mess you have got here, this is going to be $35."

That is as far as I know standard practice among the inspection middlemen.

Mr. **Parris**. OK.

Why did you feel it is necessary to participate in that kind of a process, Mr. Gillespie? You are here this morning now. Why did you? Did you have any choice?

Mr. **Gillespie**. You are referring to someone—to paying someone to get the cab inspected?

Mr. **Parris**. Yes.

Mr. **Gillespie**. It is more convenient. In the event your cab needs repair work, let's say——

Mr. **Parris**. It is cheap.

Mr. **Gillespie**. It is cheap, sure. It is easy to put $300, $400, $500 into a front-end overhaul and some brake work in order to have the cab legally acceptable for inspection; $40 or $50 is cheap by comparison and saves you the time of having the work done as well.

Mr. **Parris**. But that is a matter of some concern to the public safety, isn't it?

Mr. **Gillespie**. Yes, sir; it certainly is.

Mr. **Parris**. When you have cabs in that condition?

Mr. **Gillespie**. It is definitely a public safety issue.

Mr. **Parris**. Just one final question, Mr. Chairman.

Mr. Janszen, I understand you are here this morning as a private citizen, not a District employee, but you did work or do now work in that capacity.

How many inspections a day does the average inspector do? Can you give me an estimate?

Mr. **Janszen**. The average inspector?

Mr. **Parris**. Yes.

Mr. **Janszen**. How many inspections they do?

Mr. **Parris**. Just in round numbers.

Mr. **Janszen**. I will say probably 50.

Mr. **Parris**. Fifty, and is that in 8 hours, an 8-hour workday?

Mr. **Janszen**. Yes.

Mr. **Parris**. That is 15 minutes a cab, right?

Mr. **Janszen**. Pardon?

Mr. **Parris**. Fifteen minutes a cab; if you do one every 15 minutes for 8 hours, you are going to do 50 a day, aren't you?

Mr. **Janszen**. Right.

Mr. **Parris**. All right. Is that enough time in your opinion to do everything that has to be done?

Mr. **Janszen**. Yes.

Mr. **Parris**. Is my mathematics wrong? I am being corrected. What is it? I will do it again.

If the average inspector does 50, OK, divide that by 8 hours, correct, that is 4 an hour, which is 15 minutes every cab, is it not? I will admit my mathematics may be flawed, but it is quite a number of cabs. That is my point.

Mr. **Barnes**. One every 10 minutes maybe.

Mr. **Parris**. That is even worse. You made my point, though, Mr. Chairman. Is that enough time?

Mr. **Janszen**. The number we do varies with our workload, how long the line is. Sometimes we are slow or busier. But the process is a safety line process as opposed to something like you would do in a shop where you have time to pull wheels and things like that. So it can be done. You can do an inspection in 5 or 10 minutes or whatever.

Mr. **Parris**. If you pull off wheels, can you do that?

Mr. **Janszen**. No; not in that short time.

Mr. **Parris**. So they all vary. You spend a half hour on one and 5 minutes on the next two or three to make the average, maybe.

Mr. **Janszen**. Well, it is a fast process, but I think it is a very good process.

Mr. **Parris**. All right.

Mr. **Janszen**. If it is done correctly.

Mr. **Parris**. If it is done correctly.

Mr. **Janszen**. Yes.

Mr. **Parris**. I would agree with that statement. The question is, is it being done correctly?

Let me just—I appreciate your patience, Mr. Chairman. You testified earlier, Mr. Janszen, that the majority of the persons at the inspection stations were honest. That implicitly suggests that less than the majority were. There are some that are honest.

Mr. **Janszen**. I would say there are a few that would have a poorer attitude toward the importance of the job compared to others.

Mr. **Parris**. Isn't it true that some inspectors, perhaps not all, some inspectors were involved in criminal activity, accepting consideration for passing things that—passing vehicles that probably should not have passed. That is true, is it not?

Mr. **Janszen**. Like I said, I have never seen anyone take money.

Mr. **Parris**. I understand. I am not asking to identify a person.

Mr. **Janszen**. You are referring to——

Mr. **Parris**. Is it not your impression that there are really some bad things going on at the station?

Mr. **Janszen**. I would say people's judgment has been swayed in the past.

Mr. **Parris**. By? By the receipt or acceptance of something, is that correct?

Mr. **Janszen**. Right.

Mr. **Parris**. I have no further questions, Mr. Chairman. Thank you.

Mr. **Barnes**. Gentlemen, thank you very much. We appreciate your being here today. It is very helpful to the subcommittee and to others who are interested in improving taxicab service in the Nation's Capital. We appreciate it. Thank you.

That will conclude today's hearing on this subject.

[Whereupon, at 12:26 p.m., the subcommittee adjourned.]

[The following additional material was received for the record:]

ASSISTANT MAJORITY WHIP

CO-CHAIRMAN,
FEDERAL GOVERNMENT SERVICE
TASK FORCE

WASHINGTON OFFICE:
401 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5341

MONTGOMERY COUNTY OFFICE:
SUITE 302
11141 GEORGIA AVENUE
WHEATON, MD 20902
(301) 946-6801
TTY (301) 946-0108

MICHAEL D. BARNES
8TH DISTRICT, MARYLAND

Congress of the United States
House of Representatives
Washington, DC 20515

COMMITTEE ON THE BUDGET
MEMBER, DEFENSE AND INTERNATIONAL AFFAIRS
MEMBER, INCOME SECURITY

COMMITTEE ON THE DISTRICT OF COLUMBIA
CHAIRMAN, GOVERNMENT OPERATIONS AND METROPOLITAN AFFAIRS
MEMBER, JUDICIARY AND EDUCATION

COMMITTEE ON FOREIGN AFFAIRS
CHAIRMAN, WESTERN HEMISPHERE AFFAIRS
MEMBER, ARMS CONTROL, INTERNATIONAL SECURITY AND SCIENCE
MEMBER, ASIAN AND PACIFIC AFFAIRS

January 29, 1986

FOR IMMEDIATE RELEASE
CONTACT: Bill Bronrott or Ken Reigner, (202) 225-5341

BARNES CALLS FOR IMPROVED D.C. TAXICAB SERVICE

WASHINGTON -- Better regulation of Washington's taxicab system is sorely needed and long overdue, according to Maryland Congressman Michael D. Barnes (D-8), who chaired hearings here today on the quality and reliability of taxicab service in the nation's capital.

Barnes, chairman of the District of Columbia Subcommittee on Government Operations and Metropolitan Affairs, said, "Complaints about taxi service in the District and at National Airport have run the gamut.

"Among the most frequent complaints by the riding public are overcharging, indirect routing, refusal to transport, improper driver conduct, the inability of some drivers to speak English, driver unfamiliarity with the District and the seedy condition of some cabs."

Barnes noted that allegations of bribery and misconduct at D.C. inspection stations recently aired by the local media have focused increased public scrutiny on the industry.

"The problems at the inspection stations, however, are symptomatic of a wide range of problems affecting the industry as a whole," he said. "The D.C. Metropolitan Police Department is conducting an investigation of the allegations and I intend to request a full report from Mayor Marion Barry of the actions that will be taken after the investigation is completed."

Barnes said the District of Columbia government took recent steps to address some of the problems. The subcommittee reviewed the District of Columbia Taxicab Commission Act of 1985, a D.C. City Council measure introduced by Councilmember Betty Ann Kane, who testified at today's hearing.

Kane's legislation seeks to centralize regulatory authority of the taxicab industry in a single commission.

"I think this is a step in the right direction," said Barnes. "Many critical issues, however, remain unresolved. Whether or not to impose stricter standards for taxicab drivers, restrict the number of cabs in the city and require meters instead of the current zone system in setting fares are all issues that must be quickly addressed."

In addition to Kane, other hearing witnesses included:

-- Robert Thompson, administrator, Transportation Systems Administration, D.C. Department of Public Works.
-- Ronald Cox, assistant chief for inspectional service, D.C. Metropolitan Police Department.
-- William J. Wright, chairman, the Taxicab Industry Group.
-- Fred D. Matthews, executive secretary, the Taxicab Industry Group.
-- Alfred B. LaGasse III, executive vice president, International Taxicab Association.
-- Paul Davis, independent taxicab driver.
-- Danny Gillespie, former president, Diamond Cab Co.
-- Daniel Smith, president, Eastern Cab Co.
-- Mr. George Janszen, motor vehicle inspector, District of Columbia Government.

# # #

Exhibit #1

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

NOTICE OF FINAL RULEMAKING

Formal Case No. 820, In the Matter of the Public Service Commission's Investigation of Whether to Increase the Rates and Charges for Taxicab Service in the District of Columbia

The Public Service Commission ("Commission") hereby gives notice of its final rulemaking action to amend Appendix A of Section 305, Title 15, District of Columbia Municipal Regulations (January 1985), which contains taxicab fares for service provided in the District of Columbia. Final action was taken by the Commission on March 14, 1985 at a Sunshine Meeting.

Notice of the proposed rulemaking action was given at 32 DCR 690-691 (February 1, 1985). No changes have been made to the proposed rates set forth in that Notice. The new rates are as follows:

Subzone	$ 1.80
Zone 1	$ 2.10
Zone 2	$ 3.00
Zone 3	$ 3.90
Zone 4	$ 4.75
Zone 5	$ 5.50
Zone 6	$ 6.35
Zone 7	$ 7.20
Zone 8	$ 8.05

Surcharges

Group Rates	$ 1.25
Rush Hour	$ 1.00
Radio Call	$ .65

Hourly Rates	$12.00, 3.00 for each additional 15 minutes

By Order No. 8212 (March 14, 1985), the new rates shall go into effect at 12:01 a.m., Sunday, March 24, 1985.

Exhibit #1

1. The gross revenues per hour of a full-time radio taxicab driver are $11.76.

2. The operating expenses per hour of a full-time radio taxicab driver are $5.17.

3. The net revenues per hour earned by a full-time radio taxicab driver are $7.81.

4. The current rates and charges which taxicab operators licensed by and operating in the District of Columbia may charge for services rendered are unjust, unfair and discriminatory.

THEREFORE, IT IS ORDERED:

1. The fares for taxicabs licensed by and operated within the District of Columbia shall be, and hereby are set as follows:

Type of Trip	Rate
Subzone	$1.80
Zone 1	$2.10
Zone 2	$3.00
Zone 3	$3.90
Zone 4	$4.75
Zone 5	$5.50
Zone 6	$6.35
Zone 7	$7.20
Zone 8	$8.05

Surcharges	
Group Rates	$1.25
Rush Hour	$1.00
Radio Call	$0.65
Hourly Rates	$12.00, 3.00 for each additional 15 minutes

2. The new taxicab rates shall go into effect at 12:01 a.m., March 24, 1985.

A TRUE COPY: BY DIRECTION OF THE COMMISSION:

Mary B Jordan

CHIEF CLERK

MARY B. JORDAN
SECRETARY

Exhibit # 2

DATE	LICENSED CABS	UNINSURED CABS	INSURED CABS
1-15-73	9,214	1,127	8,087
8-15-73	8,575	801	7,774
1-15-74	8,891	1,189	7,702
8-15-74	8,181	603	7,578
1-15-75	8,547	1,006	7,541
8-15-75	8,131	606	7,525
1-15-76	8,669	1,143	7,526
8-15-76	7,987	618	7,369
1-15-77	8,462	1,022	7,447
8-15-77	7,986	687	7,299
1-15-78	8,869	1,285	7,584
8-15-78	7,760	852	6,908
1-15-79	8,283	1,376	6,907
8-15-79	7,159	605	6,554
1-15-80	7,805	1,145	6,660
8-15-80	7,322	723	6,599
1-15-81	7,907	1,240	6,667
8-15-81	7,319	849	6,470
1-15-82	8,020	1,324	6,696
8-15-82	7,808	983	6,825
1-15-83	8,873	1,643	7,230
8-15-83	8,607	1,350	7,257
1-15-84	9,713	2,387	7,326
10-17-84	9,598	1,500	8,098

Exhibit # 2

omments by the Honorable William H, Hatcher of Kentucky, Chairman, Subcommittee on the istrict of Columbia Appropriation, and, the Honorable Charles Diggs, Jr. of Michigan, hairman, Committee on the District of Columbia, on the feasibility and desirability f installing taximeters in taxicabs operating in the District of Columbia.

Mr. DIGGS. Mr. Chairman, I am rare in my capacity as chairman of the authorizing committee, and if there has been any virtue resulting from my assumption that some part of it is attributable to the kind of cooperation and wisdom which has been shared with me by this highly respected chairman of the Subcommittee on Appropriations for the District of Columbia.

So I rise not because it is traditional for this kind of comment to be made on the floor under these kinds of circumstances, but out of my genuine high regard for the understanding that he has of the problems of the District and for his genuine efforts to protect the Federal interest mandated by the Constitution. The gentleman was, as a matter of fact, modest in reflecting what this bill actually does, because in addition to providing for the normal operating expenses there is new ground broken in the construction program requested by the District; security is being tightened out at the Lorton complex; the quality of hospital service in the District of Columbia General is being improved and a hundred closed beds is being reopened at District of Columbia Village, which provides care for the elderly.

This is in addition to the accommodations for pay raises, higher rents, support equipment, loan repayments as reflected in the budgetary demands on the District.

Of course, Mr. Chairman, there were some things that were requested by the local government that were not approved in the measure as it presently stands, but the legislative process on this measure has not been completed. They are important things, and they ought to be mentioned, namely, a cost of living increase in benefits.

Additional funds relative to certain aspects of the public school system and the Office of Consumer Affairs in the Mayor's office went down the drain.

Overall, however, I think we must commend Chairman Natcher for his consideration and compassion.

There is one other point, Mr. Chairman, which is I think we ought to recognize. Just as this represents a new high for a District budget, it also represents a high for the District of Columbia government and the District of Columbia people themselves in sharing its financing. As the chairman indicates, this represents a Federal payment of 21.24 percent, which means on the reverse side that 78.76 percent of the District of Columbia budget is being paid from the taxes of local people. Oftentimes people get the impression that the Federal payment covers all of the expenditures. I do not think we should leave that kind of an impression. When you look over the figures on page 8 of the committee report, from 1951 through 1974, you will find on the average that District of Columbia taxpayers have financed some 82.9 percent of the expenditures over that 23-year period and during the latter part of World War II and during the Korean conflict the District taxpayers share was about 90 percent.

In closing, I have one other point I would like to get a clarification of from our distinguished chairman.

I noted in section 6 of the bill a prohibition again against the use of funds for studies on meters in taxicabs.

The CHAIRMAN. The time of the gentleman has expired.

Mr. NATCHER. Mr. Chairman, I yield the gentleman an additional 3 minutes.

Mr. DIGGS. Last Monday, June 11, you will recall the House voted overwhelmingly 300 to 84 in favor of a bill which among other things authorizes a comprehensive study under local option of taxicab service in the District of Columbia, including the feasibility and desirability of installing meters.

I emphasize that it simply authorized a study. So I ask Chairman Natcher if section 6 of the pending bill will still specifically prohibit a study of the meter system?

Mr. NATCHER. Will the gentleman yield?

Mr. DIGGS. I yield to the gentleman.

Mr. NATCHER. I would like to say to my distinguished friend, the chairman of the legislative committee, that as far as the provision in the appropriation bill is concerned, there is nothing that conflicts with the provision carried in your bill from the legislative committee.

Mr. Chairman, I would like to call to my friend's attention one or two matters concerning this matter.

This restriction has been carried in the bill for over 30 years. It was placed in the bill by a former chairman of the Committee on Appropriations, the distinguished gentleman from Missouri (Mr. Cannon) some 34 or 35 years ago. The operators of the taxicabs at that time were against meters. The people in our Nation's Capital were against meters. That provision has been carried on down through the years.

I have received letters in the last 2 weeks from the taxicab industry group—and I know that my distinguished friend, the gentleman from Michigan (Mr. Diggs) has also received these letters—in which this organization says they are against meters, and the only ones that they know of who are for the meters are the people interested in selling the meters.

Four or five years ago one company that manufactures meters—and these meters sell from $300 to $500 each—made up its mind that they were going to force this committee to delete this provision.

Mr. Chairman, this was not in the best interests of our Nation's Capital and we refused to do so, and we have carried the provision on down to this point.

As I understand, the Public Service Commission will make a study. No additional funds will be involved. There is no limitation as far as what they may do. But I would like to say to my distinguished friend, the gentleman from Michigan (Mr. Diggs), that I hope after the Public Service Commission starts its study that at least they let the people who operate the taxicabs will be heard, and if they are against meters, Mr. Chairman, then I do not think they ought to be installed.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. NATCHER. Mr. Chairman, I yield 2 additional minutes to the gentleman from Michigan (Mr. Diggs).

Mr. DIGGS. I thank the gentleman for yielding me this additional time.

Mr. NATCHER. If the gentleman will yield further, I would like to say that as far as the companies who make the meters are concerned, Mr. Chairman, they do not control this matter, although they have tried all down through the years. There is no conflict here. I think the procedure the distinguished gentleman from Michigan is following is good. It is proper procedure. But I would like to make one suggestion, and that is if the Public Service Commission recommends meters, I think that the distinguished gentleman from Michigan and his committee ought to bring a bill back to the House and let the House vote on it. I say that to the gentleman in all frankness. I might add that I voted for the gentleman's bill the other day. There is no conflict here, and I think the gentleman is proceeding correctly.

Mr. DIGGS. Mr. Chairman, I thank the gentleman from Kentucky (Mr. Natcher) for his contributions.

Exhibit # 4

EASTERN CAB COMPANY, INC.
506 H Street, N. E.
Washington, D. C. 20002
(202) 543-2222

Washington Metropolitan Area Transit Commission
Washington, D.C.

IN THE MATTER OF:

Investigation of INTERSTATE)
TAXICAB RATES for Service within) Case No. MP-85-07
the Metropolitan District)

REQUEST FOR INCREASE IN INTERSTATE RATES FOR TAXICABS LICENSED IN THE DISTICT OF COLUMBIA

Comes now Eastern Cab Company, Inc. and other listed Cab Companies and Associations operating in the District Of Columbia through their representative Daniel Smith respectfully request this honorable Commission for a rate relief consistent with local increases granted by the District of Columbia Public Service Commission effective March 24, 1985. see exhibit 1 through 1F

1. In order no. 2698 this Commission concluded that there is a need to investigate whether the current taxicab rates and charges are adequate for operation of interstate taxicab service for taxicabs lincensed and regulated by the District of Columbia.

2. Although taxicabs operating in, licensed and regulated by the District of Columbia are operating in one of the most affluent and highest per capita income in the country, the hourly income ratio of owner-operators are the lowest of any comparable city in the Country. From the best information available the Washington area cab drivers are earning a hourly gross income after the recent rate increase of less than $13.00 per hour including tips.

3. At the present time there has been 3 years since the last interstate taxicab fare ajustment by this commission.

4. In the intervening time the owner-operator of taxicabs licensed and regulated by the Public Service Commission of the District of Columbia have received several increases in expenses in their business.

Exhibit # 4

5. These increases included, but are not limited to the following:

A. The cost liability insurance has increased by forty-two percent. see exhibit 2 through 2D

B. The cost of collision insurance has increased by forty percent. see exhibit 3 and 3A

C. The cost of most major parts and labor have increassed by thirty-five to forty percent.

D. The cost of 1985 automobiles equipped for taxicab purposes is $12,900 as opposed to the cost of $9,200.00 to $10,400.00 in 1982.

6. Other cost associated with the living expenses for taxicab operators have increased as well, approximately 30%.

7. The Public Service Commission has granted substantial rate increases to the C&P Telephone Company and the Washington Gas Light Company that have caused an increase to the service companies of forty to fifty-five percent, see exhibit 4

8. This is also reflected to the cost of the owner-operators of taxicab since telephone bills have doubled since 1981.

9. Major complaints of taxicabs traveling interstate licensed and regulated by the District of Columbia are the inconsistency of charges by owner-operators for simular services and distances traveled.

10. Therefore we respectfully request the Commission to consider the following proposals as being fair and nondiscriminatory for interstate taxicab rates and charges for taxicabs licensed and regulated by the District of Columbia.

$1.30	First half mile or part thereof
.60	Each additional ½ mile or part thereof
$1.25	Each additional passenger in a pre-formed party (provided, however, that one child five(5) years of age or younger shall be transported without charge for each individual of at least sixteen (16) years of age in a pre-formed party.)

Hand baggage, including large bags of groceries or articles of simular size, in excess of one piece per passenger shall be charged for at the rate of 15¢ for each such piece. Briefcases and parcels of comparable size shall not be considered as hand baggage.

Exhibit # 4

Trunks or similar large articles shall be charged for at the rate of $1.25 each. A trunk is herein defined as a piece of baggage having a minimum dimension or cubic content in excess of 32 inches by 18 inches by 9 inches or 3 cubic feet.

The charge for personal service shall be 65¢; taxicab service in response to a telephone call, 65¢ in addition to all other authorized charges; dismissal of a taxicab without using it after response to a telephone call, 65¢ in addition to the charge for responding; waiting time, $1.00 for each 5 minutes of fraction thereof.

The charge for a taxicab employed on an hourly basis shall be as follows: for the first hour or fraction thereof -- $12.00; for each additional 15 minutes or fraction thereof -- $3.00.

That there shall be an additional charge during traffic rush hours or snow emergencies consistent with those allowed by the Public Service Commission of the District of Columbia

That the Commission allow on an optional bases the use of taxicab meters for interstate rates consistent with the requested fares. That the meters be installed and maintained by the owner-operator in proper working condition.

WHEREFORE, we respectfully request the Commisssion to consider these proposals, and any other relief the Commission deems appropriate.

Respectfully submitted,

Daniel Smith

Daniel Smith
Representing:
Allied Cab Association
Anacostia Cab Association
Barwood Cab Company
Bell Cab Association
City Cab Company
Columbia Cab Company
Dial Taxicab Company
Eastern Cab Company
Imperial Cab Company
Metropolitan Cab Association
Tan Top Cab Association

Exhibit #5

B10 Wednesday, Feb. 4, 1976 THE WASHINGTON POST

$22.2 Million Voted to Pay Police, Firemen, Open New Ja

By La Barbara Bowman
Washington Post Staff Writer

The District of Columbia City Council voted unanimously yesterday to add $22.2 million to the city's $1 billion budget for the present fiscal year to grant pay increases to city police and firemen, prevent layoffs in the city's human resources department and to open the city's new jail.

The council also approved a $14 million increase in the city's $142 million capital improvement budget. The money will be used to make court-ordered repairs at D.C. General to correct deficiencies that led to the hospital's loss of its accreditation.

The Council acted under its emergency powers in passing the budget bill yesterday because Congress is waiting for it. The city's request for a $1 billion budget for fiscal year 1976, which started last July, still is pending before congressional committees.

The amendments to the fiscal 1976 operating and capital budgets now go to Mayor Walter E. Washington who said yesterday he has not decided whether to approve or veto them.

The mayor had requested $25.8 million in additional operating funds but the capital budget request was left unchanged. The $3.6 million trim would have financed new positions.

In a surprise move yesterday, Council member John A. Wilson (D-second), with Council approval, added a rider to the budget amendment bill striking Congress's ban on using meters in city taxicabs to determine fares.

Council Chairman Sterling Tucker said he believed that rider would be overturned by Rep. William Natcher (D-Ky.), chairman of the House District Appropriations Subcommittee.

The $22.2 million budget amendment contains $10 million to boost the salaries of the city's 6,100 police and firemen by 6 per cent retroactive to Oct. 1.

The mayor had recommended a pay raise of 8 per cent to take effect Jan. 1, 1976. The Council overturned this proposal, cutting the city's cost by $4 million in fiscal 1977. The actual money amount the police and firemen will receive is the same under either formula.

The budget also provides $4 million to prevent layoffs in the city's department of human resources.

This money will finance pay increases granted department employees in October. The Council cut the department's budget for pay increases last year in hopes that they could be financed by savings from salaries of employees who left the department. The savings were insufficient.

The budget also contained $1.6 million to hire 252 guards for the city's new jail. The city accelerated its schedule for opening the new jail after a U.S. court judge found the old jail unsafe, unsound and unsanitary.

The Council and mayor also budgeted $150,000 to finance the city's 30 new advisory neighborhood commissions. These councils were elected yesterday to advise the Council on citizens' feelings about actions affecting their neighborhoods.

Wilson said he introduced his amendment to allow metered taxis because "I don't think a committee in Congress should be able to tell 750,000 people that they cannot have something."

In addition, Wilson said the present zone system for determining fares discriminates against black people because it is not profitable for taxi drivers to take passengers to Anacostia and the far Southeast and Northeast where many black people live.

The Council also approved $50,000 to finance a commission to advise it on changing city taxes and $100,000 to pay for snow removal. The Council had deleted this money from the budget on Sunday before it snowed.

In reducing the mayor's requested budget, the Council deleted almost $1 million that would increase benefits in the current fiscal year to the city's 30,000 welfare families with dependent children.

The mayor had recommended that welfare benefits be raised 5 per cent above their current level beginning April 1. That would have meant an additional $15 for a family of four. Welfare benefits have not been increased since last April.

Exhibit 6

DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
INSURANCE ADMINISTRATION

NOTICE OF FINAL RULEMAKING

The Director of the Department of Consumer and Regulatory Affairs, under the authority of Section 2 of Public Law 85-792 as amended, D. C. Code, Section 44-302, as amended (1981 Edition), hereby gives notice that the following final rulemaking action was taken on September 6, 1983.

Notice of proposed rulemaking was published in the August 5, 1983 edition of the D.C. Register (30 DCR 3931). Public comments were not received. The entire text of the previously published document is reprinted below, and, no changes have been made therein. These amendments shall take effect upon publication of this notice in the D.C. Register.

A. 26, DCMR Chapter IV - Taxicab Insurance is amended by deleting Subsection 400.1(d) and replacing it with the following:

"(d) The following rates or premiums for taxicab risks shall be used by all companies:

(1) Statutory Coverage and Minimum Limits of Liability

Bodily Injury	$10,000 each person $20,000 each accident
Property Damage	$5,000 each accident

(2) Rate of Premiums

	Bodily Injury	Property Damage	Total
Fifty-two weeks or yearly premium	$582.40	$335.40	$917.80
Two weeks' premium	$ 22.40	$ 12.90	$ 35.30

Two weeks' premium for extraterritorial excess limits — $1.70 for Maryland $10,000/20,000/5,000 excess over $10,000/$20,000/$5,000, and for Virginia $15,000/$30,000/$5,000 excess over $10,000/$20,000/$5,000."

[redacted] Exhibit 6A

AMALGAMATED CASUALTY INSURANCE COMPANY

433 · 2nd STREET, N.E. · WASHINGTON, D.C. 20002 · 547-8700

September 13, 1984

To Whom It May Concern:

As of September 25, 1983, the premium rate for taxicab liability insurance was increased to $37.00 biweekly from $26.00 biweekly.

These rates were promulgated by the D.C. Department of Insurance and cover the required limits of liability.

Sincerely yours,

Dorothy Dolton Hoelzer
Chairman of the Board
Vice President

DDH:mmd

Exhibit 68

Columbia
Mutual
Insurance
Company

1513 F STREET, N.W. ■ WASHINGTON, D.C. 20005 ■ 332-2500

September 13, 1984

Public Service Commission
District of Columbia
Washington, D.C.

Re: Premium for Taxicab Liability Insurance

Gentlemen:

Effective September 16, 1983, the bi-weekly premium for taxicab liability insurance was increased from twenty-six dollars ($26.00) to thirty-seven dollars ($37.00). A copy of the order authorizing the increase is attached.

Yours truly,

Vaden S. Pitts

Vaden S. Pitts,
President

[redacted] Exhibit 6C

ABBEY CASUALTY INSURANCE CO.
OF THE DISTRICT OF COLUMBIA
1513 P STREET, NORTHWEST
WASHINGTON, D. C. 20005
PHONE 833-1900

September 13, 1984

Public Service Commission
District of Columbia
Washington, D.C.

Re: Premium for Taxicab Liability Insurance

Gentlemen:

Effective September 16, 1983, the bi-weekly premium for taxicab liability insurance was increased from twenty-six dollars ($26.00) to thirty-seven dollars ($37.00). A copy of the order authorizing the increase is attached.

Yours truly,

Benn Corley

C. Benn. Corley
President

CBC:bjm

Encl:copy of order

Exhibit # 7

COMMITTEE ON THE DISTRICT OF COLUMBIA
STAFF REPORT* ON
TAXICAB REGULATION

April 12, 1976

*This report on the limitations on taxicab regulation in the District of Columbia has been prepared at the request of Representative Charles C. Diggs, Jr., Chairman, House Committee on the District of Columbia. It was prepared in anticipation of oversight hearings. It is a staff report which has been neither approved nor disapproved by the Chairman or Members of the Committee.

Exhibit #1

AMENDED BY ORDER NO....

PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

Order No. 956.

November 6, 1931.

IN THE MATTER OF)
)
Rules and Regulations for the)
equipment and operation of all)
automobiles for public use for) Formal Case No. 230.
the conveyance of persons or)
property within the District of)
Columbia other than motor buses)
operated over defined routes.)

By the Commission: This Commission, being charged with the duty of regulating common carriers by motor vehicles within the District of Columbia, held a public hearing on October 19, 20, 21 and 22, 1931, for the purpose of investigating all phases of taxicab operation within the District of Columbia, including amount and kind of rates, equipment of taxicabs and service.

Notice was given to all interested parties, to the public generally, and a large number of witnesses were heard with respect to the subject of the hearing. Testimony was presented by operators of other types of common carriers within the District of Columbia as to the effect of present conditions of taxicab operation upon their revenues.

After due consideration of the testimony and argument presented the Commission reached the conclusion that it is imperative that certain major modifications in the system of rates and in the conditions of service of taxicabs must be made. The evidence presented indicates, and the Commission finds:

1. That there are at present a number of different systems of zones in operation in this city.

2. That the zone system of taxicab rates has been tried in various forms in the District of Columbia during reasonably long test periods.

3. That the systems of zone taxicab fares now in use in the District of Columbia are entirely unsuitable for a city of the size of Washington.

4. That no schedule of zone taxicab fares can be devised for this city which will make the charge commensurate with the service rendered.

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5. That under the zone fare system operators have frequently refused to render service where long hauls were involved.

6. That the zone fare system unduly favors certain riders, and unduly discriminates against others.

7. That there has been uncertainty in charges even where zone boundaries were definitely established.

8. That there have been numerous complaints of overcharges under the zone system of rates.

9. That proper accounting records cannot be secured under the zone fare system.

10. That additional accounting data with respect to operating costs and revenues are essential to the proper regulation of taxicabs.

11. That there is no feasible method of marking the zones or zone boundaries so that their limits may be easily or correctly determined.

12. That strangers to the city do not know zone boundaries, and are unable to determine them from any zone map or description of zones which it is feasible to display in a cab.

13. That zone rates tend to increase cruising and to keep cabs in the congested area and militate against satisfactory call service by telephone.

14. That there are in operation cars used as taxicabs which are operated by drivers who rent such cars from the proprietor and without being either employees or agents of the said proprietor, operate such cars as taxicabs on hacking tags issued to said proprietors.

15. That the average cost of operating a cab, all proper expense items included, is approximately ten cents (10¢) per mile, and that approximately 40% of the mileage is not revenue producing.

16. That the only system of taxicab charges which will be commensurate with the service rendered, that will be fair to the proprietors and fair to the riders, is one based upon the length of the ride, and that the taximeter system is the only one which fulfills these conditions.

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17 That under the rates at present in effect operators are not able to earn a reasonable wage without working for such long hours as to impair seriously their efficiency and thereby endanger their passengers and the public.

18. That the larger number of taxicabs now in use are not equipped with taximeters, that time should be given for such equipment to be installed, and that, therefore, this order should not take effect for sixty (60) days.

19. That taximeters can be secured and installed without undue expense.

20. That there are in use numerous coach type and two door vehicles which are not reasonably safe and adequate.

It is, therefore,

ORDERED:

1. That under authority of Section 8 of the District of Columbia appropriation act approved March 4, 1913, creating the Public Utilities Commission, as amended, and under authority of Section 6, paragraphs (e) and (h) of the District of Columbia Traffic Act, approved February 27, 1931, the following rules and regulations for the equipment and operation of taxicabs for public use for the conveyance of persons or property within the District of Columbia for hire, be and the same are hereby made and prescribed, and obedience thereto and compliance therewith are hereby required of and enjoined upon every "company" and "operator" owning, operating, controlling or managing, directly or indirectly, any agency or agencies used in such service.

2. That non-compliance with any of these regulations will constitute a violation of law, and subject the offending person, association, partnership or corporation to the penalties legally prescribed for such non-compliance.

3. That these rules and regulation shall take effect on the 10th of January, 1932, and shall remain in full force until otherwise ordered by the Commission.

RULES AND REGULATIONS GOVERNING THE EQUIPMENT AND OPERATION OF TAXICABS OPERATED FOR HIRE IN THE DISTRICT OF COLUMBIA.

Exhibit # 8

THE WASHINGTON POST
February 24, 1976
pp. B-1, B-3

Ultimate Threat: The Taxi Meter

By Richard M. Cohen
Washington Post Staff Writer

Talking to cab drivers is one of my pastimes, a journalistic technique I picked up from watching some old moives in which the hackers of Hollywood always told the truth. No so the Washington breed. Here, they will tell you what you want to hear, which has always been the Washington way of doing things.

For years, hackers here had me convinced that they, like me, were opposed to the zone system of computing fares by which, they said, they just managed to eke out an existence. What they said made sense since no sane person can argue for the zone system when something called the taximeter has been on the market for years.

For a long time I believed the hackers. It made so much sense that whenever I struck up a conversation I began with a denunciation of the zone system, seeking common ground before moving on to weighty

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matters like national politics, the City Council and Page Lee Hufty. From white hackers I learned about black hackers, from black hackers I learned about Nigerians and from Nigerians learned to keep my mouth shut.

Hackers say Congress is responsible for the zone system, having banned meters in 1931. This makes Washington the nation's only major city to run its taxi system in the teeth of common sense. Hackers said they longed for the simple virtues of the meter, which computes the fare on the basis of time as well as distance. The zone system makes no allowance for time. Who could blame them for not working rush hours or for passing up passengers heading for remote parts of the city? Who could blame them for taking the longest route to a destination, hoping along the way to pick up four perfect strangers—all with packages, none with the correct fare. It all made sense.

But Washington's Public Service Commission knows the complaints have a hollow ring. The commission, which oversees the city's cab industry, polled hackers

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a white back to determine if they preferred the zone system or meters. About half of them opted for the zone system.

This was an eye-opener. It made no sense, but the commission, once again, had the answers. About 80 per cent of the 11,000 drivers own their own cabs, the rest rent them. Either way, Washington cab drivers are independent operators in the truest sense, working for no man and presenting the Commission with a problem called "income accountability." This is a fancy term meaning that no one knows for sure what a hacker here makes—including the Internal Revenue Service. The drivers themselves admit that some of their colleagues are rather cavalier bookkeepers who believe that the less the government knows the better.

The commission itself was so vexed by this problem that it went out in 1974 and hired 15 cab drivers, paid them $15 a day and asked them to turn in their manifests to the commission. As a result of this study, the commission concluded hackers here average $5 an hour before expenses.

But the real problem, the commission explained, is the widespread fear among hackers here that meters inevitably will lead to the formation of tightly run taxi fleets, forcing the independents off the streets. Under the present system fleets are out of the question since no one knows for sure what hackers earn. Meters would change that. A meter is a minicomputer that not only computes fares, but records such things as total distance travelled, total waiting time, total cruising time—everything. A fleet owner could ask a hacker to hustle, something the hackers here now think is unethical.

Armed with this insight from the commission, I hailed Sam, a hacker, and bribed him with the promise of a round trip to National Airport—the hacker's ultimate bonanza. The commission was right. Sam, I found, sees himself as the last of the independent operators, a Marlboro Man in sneakers and a floppy hat, eight kids at home notwithstanding. He sleeps when he wants, gets up when he wants and works when he wants. Last Friday he didn't work much. It's what he wanted.

Meters are the ultimate threat to his way of life, Sam said, a device for regulating the industry, for driving him off the street. He didn't care about taxes, as if any man with eight kids ever does. It was the meters. He would have no part of them. He dropped me off and whizzed past a woman who had hailed him.

Later, another hacker came to my house to pick up a guest. I raced to meet him, conducting my interview as he walked to the door to pick up luggage. It was Sam all over again. Meters? Never!

But, of course, meters are inevitable. The City Council this year approved an amendment to the budget bill rescinding the ban against meters. The next step is up to Congress, which has stuck with the zone system for 45 years—longer than it stuck with the House Un-American Activities Committee. Sam may not know it, but he's a public utility of sorts, part of the city's transportation program—buses, subway and Sam. It's about time he started waking up with the rest of us.

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